

**CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
OXFORD, IOWA**

**INDEPENDENT AUDITOR'S REPORTS
BASIC FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

JUNE 30, 2011

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CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

OFFICIALS

| <u>Name</u> | <u>Title</u> | <u>Term Expires</u> |
|-------------------------------------|----------------------------------|-------------------------------|
| <u>Board of Education</u> | | |
| Tim Hennes | President | 2011 |
| Eileen Schmidt | Vice President | 2013 |
| Kathi Huebner | Board Member | 2011 |
| Kevin Kinney | Board Member | 2011 |
| Elizabeth Momany | Board Member | 2011 |
| Mick Kahler | Board Member | 2013 |
| Aimee Pitlick | Board Member | 2013 |
| <u>School Officials</u> | | |
| Denise Schares | Superintendent | 2012 |
| Adelia Madden | District Secretary/ Treasurer | (Resigned October 2010) |
| Lori Robertson | District Secretary/ Treasurer | (Appointed October 2010) 2011 |
| Simmons, Perrine, Moyer and Bergman | Attorney | Indefinite |

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
Clear Creek Amana Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clear Creek Amana Community School District, Iowa, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents. These financial statements are the responsibility of District officials. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Clear Creek Amana Community School District at June 30, 2011, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with U.S. generally accepted accounting principles.

In accordance with Government Auditing Standards, we have also issued our report dated February 13, 2012 on our consideration of Clear Creek Amana Community School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

The Management's Discussion and Analysis, Budgetary Comparison Information and Schedule of Funding Progress for the Retiree Health Plan on pages 7 through 17 and 56 through 58 are not required parts of the basic financial statements, but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Clear Creek Amana Community School District's basic financial statements. We previously audited, in accordance with the standards referred to in the second paragraph of this report, the financial statements for the two years ended June 30, 2010 (which are not presented herein) and expressed unqualified opinions on those financial statements. The financial statements for the four years ended June 30, 2008 (which are not presented herein) were audited by other auditors who expressed unqualified opinions on those financial statements. Other supplementary information included in Schedules 1 through 10, including the Schedule of Expenditures of Federal Awards required by U.S. Office of Management and Budget (OMB) Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of District management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements as a whole.

Oskaloosa, Iowa
February 13, 2012

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Clear Creek Amana Community School District provides this Management's Discussion and Analysis of its financial statements. This narrative overview and analysis of the financial activities is for the fiscal year ended June 30, 2011. We encourage readers to consider this information in conjunction with the district's financial statements, which follow.

2011 FINANCIAL HIGHLIGHTS

- The district increased the general fund balance from a beginning balance of \$ to \$2,225,821 to an ending balance of \$3,546,582.
 - This represents an increase of \$1,320,761 and results in a general fund balance of 25.1% of general fund expenditures.
 - This ending fund balance continues a trend of increasing fund balances in the district since FY 2006.
 - 25.10% of general fund expenditures in FY 11
 - 16.50% of general fund expenditures in FY 10
 - 13.36% of general fund expenditures in FY 09
 - 12.96% of general fund expenditures in FY 08
 - 9.91% of general fund expenditures in FY 07
 - The general fund balance meets board policy parameters which set a minimum ending balance not to fall below a range of 6% to 10% of general fund expenditures (\$ 846,000 to \$1,420,000).
- Total general fund revenues continue to reflect a growth rate in excess of state funded growth primarily as a result of increased student enrollment.

| <u>General Fund Revenue</u> | <u>Dollar and Percent Change</u> |
|-----------------------------|----------------------------------|
|-----------------------------|----------------------------------|

| | | |
|--------|--------------|--------------------------------|
| FY11 | \$15,366,642 | (\$ 1,434,878 change or 10.3%) |
| ○ FY10 | \$13,931,764 | (\$ 395,279 change or 2.92%) |
| ○ FY09 | \$13,536,485 | (\$ 693,267 change or 5.40%) |
| ○ FY08 | \$12,843,218 | (\$1,151,982 change or 9.85%) |
| ○ FY07 | \$11,691,236 | (\$ 744,907 change or 6.81%) |

- The state allowable growth of 4% accounted for an increase in district revenue of \$115 per pupil. CCA also increased resident students (1439.5 to 1479.8) a change of 40.3 students. The combined change in student enrollment and the increase in state allowable growth accounted for \$404,078 of the increased revenue in the general fund.

- In addition to increasing resident student enrollment, the district continued to have a net gain of students attending CCA schools as a result of the open enrollment law. The Clear Creek Amana schools have a greater number of students choosing to attend in the district under the open enrollment law than the number of students that choose to attend neighboring districts. For FY 2011, open enrollment brought a net gain of 137 students at a state cost per pupil of \$5,919 or \$810,903 dollars.
- The District continues to benefit from growth in the tax base (averaging \$ 51 million dollars per year or 9.4% growth per year since 2004).

OVERVIEW OF THE FINANCIAL STATEMENTS

Within this audit report, you will find three primary sections: The Management's Discussion and Analysis (MD&A), The Basic Financial Statements, and Required Supplementary Information.

- Management's Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the district's financial activities. In the MD&A, significant factors and trend lines affecting the overall financial health of the district are discussed.
- The Basic Financial Statements include the Government-wide Financial Statements. Governmental activities supported by tax and intergovernmental revenue are reported separately from activities typically supported through fees for service. These statements provide information about the activities of Clear Creek Amana Community School District as a whole and present an overall view of the district's finances.
- The Governmental Fund Financial Statements reports the Clear Creek Amana Community School District's operations in more detail than the government-wide statements by providing information about the most significant funds.
 - Within the major governmental funds, the district reports on the General Fund which is the primary operating fund of the District. The Capital Projects Fund accounts for all resources used for the acquisition and construction of capital facilities, and the Debt Service Fund is utilized to account for the payment of interest and principal on the District's long-term debt.
 - Proprietary funds statements offer short and long-term financial information about the activities the District operates like businesses, such as Food and Nutrition, Day Care, and Public Pool.
 - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

Figure A-1 shows how the various parts of this audit report are arranged and relate to one another.

Figure A-1
Clear Creek Amana Community School District Annual Financial Report

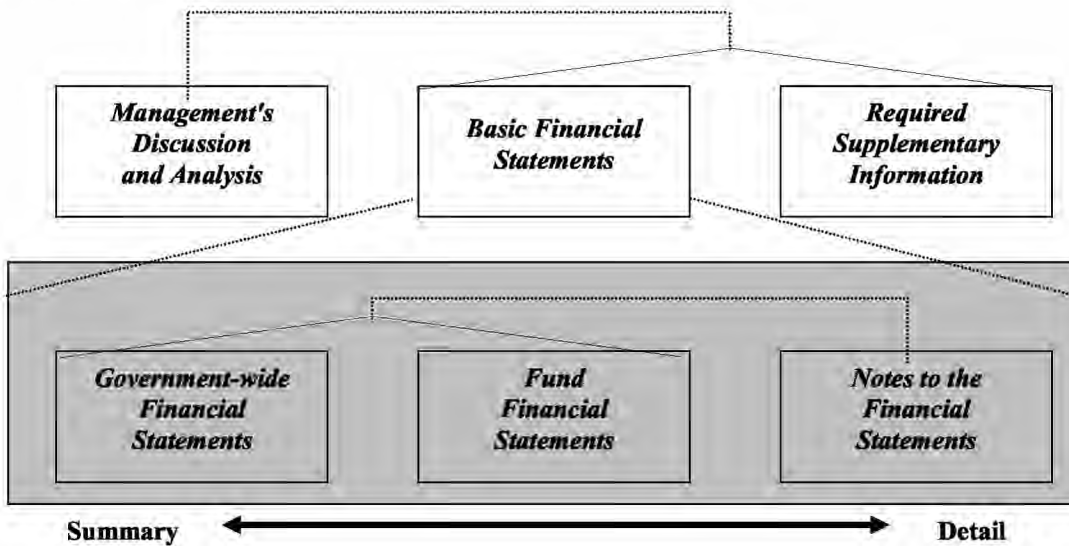


Figure A-2 summarizes the major features of the district's financial statements, including the portion of the district's activities they cover and the types of information they contain.

| Figure A-2 Major Features of the Government-wide and Fund Financial Statements | | | | |
|---|--|---|--|---|
| | Government-wide Statements | Fund Statements | | |
| | | Governmental Funds | Proprietary Funds | Fiduciary Funds |
| Scope | Entire District (except fiduciary funds) | The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance | Activities the District operates similar to private businesses: food services, day care and public pool | Instances in which the District administers resources on behalf of someone else, such as scholarship programs |
| Required financial statements | <ul style="list-style-type: none"> • Statement of net assets • Statement of activities | <ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures and changes in fund balances | <ul style="list-style-type: none"> • Statement of net assets • Statement of revenues, expenses and changes in fund net assets • Statement of cash flows | <ul style="list-style-type: none"> • Statement of fiduciary net assets • Statement of changes in fiduciary net assets |
| Accounting basis and measurement focus | Accrual accounting and economic resources focus | Modified accrual accounting and current financial resources focus | Accrual accounting and economic resources focus | Accrual accounting and economic resources focus |
| Type of asset/liability information | All assets and liabilities, both financial and capital, short-term and long-term | Generally assets expected to be used and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included | All assets and liabilities, both financial and capital, short-term and long-term | All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can |
| Type of inflow/outflow information | All revenues and expenses during year, regardless of when cash is received or paid | Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable | All revenues and expenses during the year, regardless of when cash is received or paid | All additions and deductions during the year, regardless of when cash is received or paid |

REPORTING THE DISTRICT'S FINANCIAL ACTIVITIES

Government-wide Financial Statements

The government-wide financial statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the district's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities, regardless of when cash is received or paid.

The two government-wide financial statements report the district's net assets and how they have changed. Net assets – the difference between the district's assets and liabilities – are one way to measure the district's financial health or financial position. Over time, increases or decreases in the district's net assets are an indicator of whether financial position is improving or deteriorating. To assess the district's overall health, additional non-financial factors, such as changes in the district's property tax base and the condition of school buildings and other facilities, need to be considered.

Within the government-wide financial statements, the district's activities are divided into two categories:

- *Governmental activities*: Most of the district's basic services are included here, such as regular and special education, transportation and administration. Property tax and state aid finance most of these activities.
- *Business type activities*: The district charges fees to help cover the costs of certain services it provides. The district's school nutrition program is included here.

Fund Financial Statements

The fund financial statements provide more detailed information about the district's funds, focusing on its most significant or "major" funds – not the district as a whole. Funds are accounting devices the district uses to keep track of specific sources of funding and spending on particular programs.

Some funds are required by state law and by bond covenants. The district establishes other funds to control and manage money for particular purposes, such as accounting for student activity funds, or to show that it is properly using certain revenues, such as federal grants. The district maintains three categories of funds:

- 1) *Governmental funds*: Most of the district's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the district's programs. The district's governmental funds include the General Fund, Special Revenue Funds, Debt Service Fund and Capital Projects Fund. The required financial statements for governmental funds include a balance sheet and a statement of revenues, expenditures and changes in fund balances.

- 2) *Proprietary funds*: Services for which the district charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the government-wide financial statements. The districts' Enterprise Funds, one type of proprietary fund, are the same as its business type activities, but provide more detail and additional information, such as cash flows. The district currently has several Enterprise Funds, the School Nutrition Fund, Day Care Fund and Pool Fund. The required financial statements for proprietary funds include a statement of net assets, a statement of revenues, expenses and changes in fund net assets and a statement of cash flows.
- 3) *Fiduciary funds*: The district is the trustee, or fiduciary, for assets that belong to others. These funds include Restricted Purpose Trust and Agency Funds.
- Restricted Purpose Trust Fund – The district accounts for outside donations from the Springmier endowment for the purpose of supporting the high school library.
 - Agency Funds – These are funds through which the district administers and accounts for certain donations collected for support of certain expenditures related to the operation of the curricular and extra-curricular programs of the district.

The district is responsible for ensuring the assets reported in the fiduciary funds are used only for their intended purposes and by those to whom the assets belong. The district excludes these activities from the government-wide financial statements because it cannot use these assets to finance its operations. The required financial statements for fiduciary funds include a statement of fiduciary net assets and a statement of changes in fiduciary net assets.

Reconciliations between the government-wide financial statements and the fund financial statements follow the fund financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Figure A-3 below provides a summary of the District's net assets at June 30, 2011 compared to June 30, 2010.

Figure A-3

Figure A-5

| | Condensed Statement of Net Assets | | | | | | |
|--|-----------------------------------|---------------------|--------------------------|------------------|-----------------------|---------------------|-------------------|
| | Governmental Activities | | Business-type Activities | | Total School District | | Percentage Change |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2010-11 |
| Current assets | \$17,476,383 | \$16,669,790 | \$498,804 | 370,919 | \$17,975,187 | 17,040,709 | 5.5% |
| Capital assets | 51,968,120 | 51,706,004 | 428,854 | 466,161 | 52,396,974 | 52,172,165 | 0% |
| Total assets | \$69,444,503 | \$68,375,794 | \$927,658 | \$837,080 | \$70,372,161 | \$69,212,874 | 1.7% |
| Long-term liabilities(bonds) | \$37,277,852 | \$39,485,686 | - | - | \$37,277,852 | \$39,485,686 | -5.6% |
| Other liabilities | 9,886,101 | 10,143,147 | 53,953 | 53,666 | 9,940,054 | 10,196,813 | -2.5% |
| Total liabilities | \$47,163,953 | \$49,628,833 | \$53,953 | \$53,666 | \$47,217,906 | 49,682,499 | -5.0% |
| Net Assets: | | | | | | | |
| Invested in capital assets, net of related debt | \$15,558,120 | 13,401,004 | 428,854 | 466,161 | 15,986,974 | 13,867,165 | 15.3% |
| Restricted | 3,894,239 | 3,794,551 | - | - | 3,894,239 | 3,794,551 | 0% |
| Unrestricted | 2,828,191 | 1,551,406 | 444,851 | 317,253 | 3,273,042 | 1,868,659 | 7.52% |
| TOTAL NET ASSETS | \$22,280,550 | \$18,746,961 | \$873,705 | \$783,414 | \$23,154,255 | \$19,530,375 | 18.6% |

- The District's total net assets increased 18.6%, over the prior year. The largest portion of the District's total net assets is invested in capital assets (e.g., land, infrastructure, buildings and equipment) net of related debt.
- Restricted net assets represent resources that are subject to external restrictions, constitutional provisions or enabling legislation on how they can be used. The District's restricted net assets remained constant from the prior year.
- Unrestricted net assets – the part of governmental activities net assets that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation or other legal requirements – increased \$1,276,785. This change in unrestricted net assets is a largely due to ARRA funding from the federal government.
- District long-term liabilities reflect the bonds payable for the construction of a new elementary and a new secondary school in 2008 and 2009.

Figure A-4 compares the change in net assets for the years ended June 30, 2010 and June 30, 2011.

Figure A-4

| | Change in Net Assets | | | | | | Percentage Change 2010-11 |
|--|----------------------------|---------------------|-----------------------------|--------------------|--------------------------|---------------------|---------------------------------|
| | Governmental Activities | | Business-type Activities | | Total School District | | |
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | |
| Revenues | | | | | | | |
| Program Revenues: | | | | | | | |
| Charges for services | \$2,088,027 | \$1,977,354 | \$1,021,566 | \$969,998 | \$3,109,593 | \$2,947,352 | 5.5% |
| Operating grants, contributions and restricted interest | 2,283,622 | 1,869,625 | 293,750 | 291,047 | 2,577,372 | 2,160,672 | 19.3% |
| Capital grants, contributions and restricted interest | 1,500 | 1,100 | | 470,651 | 1,500 | 471,751 | -99% |
| General Revenues: | | | | | | | |
| Property taxes | 8,719,122 | 8,480,458 | - | - | 8,719,122 | 8,480,458 | 2.8% |
| Income Surtax | 946,849 | 847,877 | - | - | 946,849 | 847,877 | 11.7% |
| Local option sales tax | 1,606,396 | 1,473,622 | - | - | 1,606,396 | 1,473,622 | 9% |
| Unrestricted state grants | 5,424,670 | 4,744,688 | - | - | 5,424,670 | 4,744,688 | 14.3% |
| Unrestricted investment earnings | 14,342 | 68,020 | 1,565 | 1,605 | 15,907 | 69,625 | -77% |
| Other revenue | 245,981 | 86,995 | - | - | 245,981 | 86,995 | 182% |
| Total Revenues | \$21,330,509 | \$19,549,739 | \$1,316,881 | \$1,733,301 | \$22,647,390 | \$21,283,040 | 6.4% |
| Expenses: | | | | | | | |
| Instruction | 9,547,906 | 9,487,183 | - | - | 9,547,906 | 9,487,183 | 0.6% |
| Support services | 5,057,415 | 5,167,358 | 115 | 63,005 | 5,057,530 | 5,230,363 | -3.3% |
| Non-instructional programs | - | - | 1,226,475 | 1,188,137 | 1,226,475 | 1,188,137 | 3.2% |
| Other expenditures | 3,191,599 | 3,914,987 | - | - | 3,191,599 | 3,914,987 | -18.5% |
| Total expenses | \$17,796,290 | \$18,569,528 | \$1,226,590 | \$1,251,142 | \$19,023,510 | \$19,820,670 | -4% |
| CHANGE IN NET ASSETS | 3,533,589 | 980,211 | 90,251 | 482,159 | 3,626,880 | 1,462,370 | 148% |
| Net assets beginning of year | 18,746,961 | 17,766,750 | 783,414 | 301,255 | 19,530,375 | 18,068,005 | 8.1% |
| Net assets end of year | \$22,280,550 | 18,746,961 | 873,705 | 783,414 | 23,154,255 | 19,530,375 | 18.6% |

The changes in Net Assets in Figure A-4 show that the district experienced a 6.4% increase in revenues. An increase in educational services, property tax collections and income surtax revenue were the primary sources of revenue increases.

During the same period, the district decreased expenditures at the rate of 4%. Maintaining expenditures to less than available revenue contributed to the overall improvement of net assets of 18.6%.

Governmental Activities

Revenue in Government Activities increased primarily in educational services, property tax revenue, and income surtax revenue. Expenditures also increased, primarily in the area of instruction and plant operations due to increased energy costs.

Business Type Activities

The District's business type activities include the School Food Nutrition, Day Care and Public Pool. Revenues of these activities were comprised of charges for service such as the increased price of school lunches, federal and state reimbursements. Revenues for business type activities were \$1,316,881 and expenses were \$1,226,590. It is the district intent that these activities are self supporting and maintain minimal fund balances.

INDIVIDUAL FUND ANALYSIS

As previously noted, Clear Creek Amana Community School District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

The financial performance of the District as a whole is reflected in its governmental funds, as well. As the District completed the year, its governmental funds reported a combined fund balance of \$7,140,464 an increase over last year's ending fund balances of \$6,174,836. This increase is largely due to receipt of ARRA funding from the federal government and maintaining a decrease in operating expenditures implemented during the 10% across the board cut from FY 2010.

Governmental Fund Highlights

- The General Fund balance increased from \$2,225,821 to \$3,546,582 on June 30, 2011. This represents a balance of 25% of general fund expenditures, which is in excess of board policy minimum fund balance guideline of maintaining a balance of six to ten percent of expenditures.
- The Capital Projects Fund balance decrease of \$430,169 is due to the expenditure of revenue bond proceeds to fund the completion of high school construction projects.

- The Physical Plant and Equipment Levy (PPEL) Fund balance increased from \$377,367 to \$379,036 on June 30, 2011. These funds remain available for future capital improvements and major equipment purchases.
- The Management Fund balance increased from \$288,059 to \$291,685 on June 30, 2011. The district is building a small balance in this fund in anticipation of staff retirements.

Proprietary Fund Highlights

School Nutrition Fund net assets decreased from \$635,046 to \$621,922 on June 30, 2011 due to increased fuel and food costs.

BUDGETARY HIGHLIGHTS

Over the course of the year, Clear Creek Amana Community School District amended its annual budget one time to reflect additional expenditures associated with increased costs in instruction, support services, non-instructional programs and other expenditures.

The District's revenues were \$618,313 more than budgeted revenues due mostly to ARRA funding and increased student enrollment.

Total expenditures were \$2,094,382 less than the amended budget, due primarily to the District's budget for the General Fund. It is the District's practice to budget expenditures at the maximum authorized spending authority for the General Fund. The District then manages or controls General Fund spending through its line-item budget. As a result, the District's certified budget should always exceed actual expenditures for the year.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2011 the District had invested 52.4 million dollars, net of accumulated depreciation, in a broad range of capital assets. These assets include: land, buildings, athletic facilities, computers, audio-visual equipment and transportation equipment. (See Figure A-6) This represents a net increase from last year. Depreciation expense for the year was \$ 1,016,275.

Major facility improvements funded through the local option sales tax revenue included completion of the high school auditorium, roof improvements and middle school renovations. Local option sales tax revenue is also used to pay principal and interest payments on revenue bonds issued in 2009.

Figure A-6

Capital Assets (net of depreciation)

| | Governmental Activities | | Business type Activities | | Total School District | | Percentage Change |
|--------------------------|----------------------------|---------------------|-----------------------------|----------------|--------------------------|---------------------|----------------------|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 | 2010-11 |
| Land | \$ 1,578,566 | \$ 1,578,566 | - | - | \$ 1,578,566 | \$ 1,578,566 | 0% |
| Construction in progress | 26,057,390 | 26,470,282 | - | - | 26,057,390 | 26,470,282 | -2% |
| Buildings | 20,471,483 | 20,494,463 | - | - | 20,471,483 | 20,494,463 | 0% |
| Improvements | 2,304,112 | 1,557,231 | - | - | 2,304,112 | 1,557,231 | 48% |
| Equipment & Furniture | 1,556,569 | 1,605,462 | 428,854 | 466,161 | 1,985,423 | 2,071,623 | -4% |
| TOTAL | \$51,968,120 | \$51,706,004 | 428,854 | 466,161 | \$52,396,974 | \$52,172,165 | 1% |

Long-Term Debt

At June 30, 2011, the District had \$37,277,852 in general obligation, revenue and other long-term debt. This is a decrease of \$2,207,834 from the prior year due to debt payment obligations. Termination benefits and compensated absences decreased by \$313,450 due to decreased district retirement obligations.

Figure A-7

Outstanding Long-Term Obligations

| | Total School District | | Percentage Change |
|--------------------------|-----------------------|---------------------|----------------------|
| | 2011 | 2010 | 2010-11 |
| General Obligation Bonds | \$24,540,000 | \$25,800,000 | -5% |
| Capital Leases | 51,861 | 102,245 | -49% |
| Termination Benefits | 670,232 | 967,631 | -31% |
| Compensated Absences | 41,759 | 57,810 | -28% |
| Revenue Bonds | 11,870,000 | 12,505,000 | -5.1% |
| Net OPEB Liability | 104,000 | 53,000 | 96% |
| | \$37,277,852 | \$39,485,686 | -5.6% |

ECONOMIC FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of several existing circumstances that could significantly affect its financial health in the future:

- Clear Creek Amana has benefitted from an increase in total valuation, averaging 51 million dollars or 9.4% per year over the past five years.
- School financing is highly dependent upon the student enrollment from the prior year. The District's September 2004 certified head count was 1282.4 students. Enrollment has increased in the past five years for an average rate of 2.56 % per year. Looking ahead to FY12, the district will again benefit from an increase in student enrollment to 1565.2 students. The interest in students from other districts requesting open enrollment also continues to increase which will likely result in increased numbers of students attending the district in future years.
- The one-cent option sales tax generated \$1,606,395 dollars of revenue in fiscal 2011 and is anticipated to generate a similar amount for each of the next two years. Beginning in fiscal 2013, the income generated per student in Johnson County converts to the state wide average which will likely result in a reduction of annual income from this revenue source.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Ms. Lori Robertson, Director of Finance or Dr. Denise Schares, Superintendent, 327 South Augusta Avenue, Oxford, IA 52322. Phone: (319) 828-4510.

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Basic Financial Statements

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
June 30, 2011

| | Governmental Activities | Business-type Activities | Total |
|--|----------------------------|-----------------------------|-------------------|
| Assets | | | |
| Cash and pooled investments | \$ 7,495,610 | \$ 476,679 | \$ 7,972,289 |
| Receivables: | | | |
| Property tax: | | | |
| Current year | 59,261 | - | 59,261 |
| Succeeding year | 8,591,012 | - | 8,591,012 |
| Income surtax | 811,766 | - | 811,766 |
| Accounts | 1,406 | 3,099 | 4,505 |
| Due from other governments | 517,328 | 1,374 | 518,702 |
| Inventories | - | 17,652 | 17,652 |
| Capital assets, net of accumulated depreciation (note 4) | 51,968,120 | 428,854 | 52,396,974 |
| Total assets | 69,444,503 | 927,658 | 70,372,161 |
| Liabilities | | | |
| Accounts payable | 512,631 | 5,533 | 518,164 |
| Salaries and benefits payable | 24,131 | 30,999 | 55,130 |
| Retainage payable | 189,212 | - | 189,212 |
| Accrued interest payable | 383,441 | - | 383,441 |
| Deferred revenue: | | | |
| Succeeding year property tax | 8,591,012 | - | 8,591,012 |
| Other | 185,674 | 17,421 | 203,095 |
| Long-term liabilities (note 5): | | | |
| Portion due within one year: | | | |
| Termination benefits | 243,257 | - | 243,257 |
| Bonds payable | 2,005,000 | - | 2,005,000 |
| Lease purchase agreement | 51,861 | - | 51,861 |
| Compensated absences | 41,759 | - | 41,759 |
| Portion due after one year: | | | |
| Termination benefits | 426,975 | - | 426,975 |
| Bonds payable | 34,405,000 | - | 34,405,000 |
| Net OPEB liability | 104,000 | - | 104,000 |
| Total liabilities | 47,163,953 | 53,953 | 47,217,906 |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS

June 30, 2011

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| Net Assets | | | |
| Invested in capital assets, net of related debt | \$ 15,558,120 | \$ 428,854 | \$ 15,986,974 |
| Restricted for: | | | |
| Categorical funding (note 10) | 783,814 | - | 783,814 |
| Physical plant and equipment levy | 569,248 | - | 569,248 |
| Student activities | 160,092 | - | 160,092 |
| Library levy | 87,834 | - | 87,834 |
| Debt service | 1,948,589 | - | 1,948,589 |
| Capital projects | 344,662 | - | 344,662 |
| Unrestricted | <u>2,828,191</u> | <u>444,851</u> | <u>3,273,042</u> |
| Total net assets | <u>\$ 22,280,550</u> | <u>\$ 873,705</u> | <u>\$ 23,154,255</u> |

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

| Functions/Programs | Expenses | Program Revenues | | |
|---|---------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Governmental Activities: | | | | |
| Instruction | \$ 9,547,906 | \$ 1,940,960 | \$ 1,582,456 | \$ - |
| Support services: | | | | |
| Student services | 309,140 | 130,449 | 5,355 | - |
| Instructional staff services | 686,465 | 5,178 | 45,595 | - |
| Administration services | 1,860,407 | - | - | - |
| Operation and maintenance of plant services | 1,486,852 | 11,440 | - | - |
| Transportation services | 714,551 | - | 4,931 | - |
| | 5,057,415 | 147,067 | 55,881 | - |
| Other expenditures: | | | | |
| Facilities acquisition | 236,955 | - | 47,482 | 1,500 |
| Long-term debt interest and fiscal charges | 1,695,122 | - | - | - |
| AEA flowthrough | 597,803 | - | 597,803 | - |
| Depreciation (unallocated) * | 661,719 | - | - | - |
| | 3,191,599 | - | 645,285 | 1,500 |
| Total governmental activities | 17,796,920 | 2,088,027 | 2,283,622 | 1,500 |
| Business-Type Activities: | | | | |
| Support services: | | | | |
| Transportation services | 115 | - | - | - |
| Non-instructional programs: | | | | |
| Food service operations | 830,633 | 543,378 | 272,718 | - |
| Daycare operations | 370,258 | 449,468 | 20,030 | - |
| Pool operations | 25,584 | 28,720 | 1,002 | - |
| | 1,226,475 | 1,021,566 | 293,750 | - |
| Total business-type activities | 1,226,590 | 1,021,566 | 293,750 | - |
| Total | \$ 19,023,510 | \$ 3,109,593 | \$ 2,577,372 | \$ 1,500 |

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------------|----------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ (6,024,490) | \$ - | \$ (6,024,490) |
| (173,336) | - | (173,336) |
| (635,692) | - | (635,692) |
| (1,860,407) | - | (1,860,407) |
| (1,475,412) | - | (1,475,412) |
| (709,620) | - | (709,620) |
| (4,854,467) | - | (4,854,467) |
| (187,973) | - | (187,973) |
| (1,695,122) | - | (1,695,122) |
| - | - | - |
| (661,719) | - | (661,719) |
| (2,544,814) | - | (2,544,814) |
| (13,423,771) | - | (13,423,771) |
| - | (115) | (115) |
| - | (14,537) | (14,537) |
| - | 99,240 | 99,240 |
| - | 4,138 | 4,138 |
| - | 88,841 | 88,841 |
| - | 88,726 | 88,726 |
| (13,423,771) | 88,726 | (13,335,045) |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Functions/Programs

General revenues:

Property tax levied for:

General purposes

Debt service

Capital outlay

Library services

Income surtax

Statewide sales, services and use tax

Unrestricted state and federal grants

Unrestricted investment earnings

Other

Total general revenues

Change in net assets

Net assets beginning of year

Net assets end of year

* = This amount excludes the depreciation included
in the direct expenses of the various programs.

See notes to financial statements.

| Net (Expense) Revenue and Changes in Net Assets | | |
|--|-----------------------------|----------------------|
| Governmental Activities | Business-Type Activities | Total |
| \$ 5,766,693 | \$ - | \$ 5,766,693 |
| 2,362,704 | - | 2,362,704 |
| 567,674 | - | 567,674 |
| 22,051 | - | 22,051 |
| 946,849 | - | 946,849 |
| 1,606,396 | - | 1,606,396 |
| 5,424,670 | - | 5,424,670 |
| 14,342 | 1,565 | 15,907 |
| 245,981 | - | 245,981 |
| 16,957,360 | 1,565 | 16,958,925 |
| 3,533,589 | 90,291 | 3,623,880 |
| 18,746,961 | 783,414 | 19,530,375 |
| \$ <u>22,280,550</u> | \$ <u>873,705</u> | \$ <u>23,154,255</u> |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

| | <u>General</u> | <u>Debt Service</u> | <u>Capital Projects</u> | <u>Nonmajor</u> | <u>Total</u> |
|-----------------------------|---------------------|-------------------------|-----------------------------|---------------------|----------------------|
| Assets | | | | | |
| Cash and pooled investments | \$ 3,802,640 | \$ 1,066,174 | \$ 2,034,197 | \$ 571,106 | \$ 7,474,117 |
| Receivables: | | | | | |
| Property tax: | | | | | |
| Current year | 38,238 | 13,899 | 3,339 | 3,785 | 59,261 |
| Succeeding year | 5,260,202 | 2,248,813 | 585,538 | 496,459 | 8,591,012 |
| Income surtax | 568,236 | - | 243,530 | - | 811,766 |
| Accounts | - | - | - | 1,406 | 1,406 |
| Due from other governments | 249,638 | - | 267,430 | 260 | 517,328 |
| Total assets | <u>\$ 9,918,954</u> | <u>\$ 3,328,886</u> | <u>\$ 3,134,034</u> | <u>\$ 1,073,016</u> | <u>\$ 17,454,890</u> |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2011

| | General | Debt Service | Capital Projects | Nonmajor | Total |
|--------------------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Liabilities and Fund Balances | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 337,228 | \$ - | \$ 141,556 | \$ 33,847 | \$ 512,631 |
| Salaries and benefits payable | 21,032 | - | - | 3,099 | 24,131 |
| Retainage payable | - | - | 189,212 | - | 189,212 |
| Deferred revenue: | | | | | |
| Succeeding year property tax | 5,260,202 | 2,248,813 | 585,538 | 496,459 | 8,591,012 |
| Other | 753,910 | - | 243,530 | - | 997,440 |
| Total liabilities | <u>6,372,372</u> | <u>2,248,813</u> | <u>1,159,836</u> | <u>533,405</u> | <u>10,314,426</u> |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Categorical funding (note 10) | 783,814 | - | - | - | 783,814 |
| Revenue bonds | - | - | 1,250,500 | - | 1,250,500 |
| Revenue bond sinking fund | - | 993,678 | - | - | 993,678 |
| Debt service | - | 86,395 | - | - | 86,395 |
| Management levy purposes | - | - | - | 291,685 | 291,685 |
| Student activities | - | - | - | 160,092 | 160,092 |
| Library purposes | - | - | - | 87,834 | 87,834 |
| School infrastructure | - | - | 344,662 | - | 344,662 |
| Physical plant and equipment | - | - | 379,036 | - | 379,036 |
| Assigned for special purposes | 63,365 | - | - | - | 63,365 |
| Unassigned | 2,699,403 | - | - | - | 2,699,403 |
| Total fund balances | <u>3,546,582</u> | <u>1,080,073</u> | <u>1,974,198</u> | <u>539,611</u> | <u>7,140,464</u> |
| Total liabilities and fund balances | <u>\$ 9,918,954</u> | <u>\$ 3,328,886</u> | <u>\$ 3,134,034</u> | <u>\$ 1,073,016</u> | <u>\$ 17,454,890</u> |

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
 RECONCILIATION OF THE BALANCE SHEET – GOVERNMENTAL FUNDS
 TO THE STATEMENT OF NET ASSETS
 June 30, 2011

| | |
|---|----------------------|
| Total fund balances of governmental funds | \$ 7,140,464 |
| Amounts reported for governmental activities in the Statement of Net Assets are different because: | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in the governmental funds. | 51,968,120 |
| Other long-term assets, including income surtax receivable, are not available to pay current period expenditures and, therefore, are deferred in the governmental funds. | 811,766 |
| The Internal Service Fund is used to charge the costs of the District's flexible benefits plan to the governmental funds and is therefore included in governmental activities. | 21,493 |
| Accrued interest payable on long-term liabilities is not due and payable in the current period and, therefore, is not reported as a liability in the governmental funds. | (383,441) |
| Long-term liabilities, including termination benefits, bonds payable, lease purchase agreements, compensated absences, and net OPEB liability, are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. | <u>(37,277,852)</u> |
| Net assets of governmental activities | <u>\$ 22,280,550</u> |

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

| | General | Debt Service | Capital Projects | Nonmajor | Total |
|--|--------------|-----------------|---------------------|------------|---------------|
| Revenues: | | | | | |
| Local sources: | | | | | |
| Local tax | \$ 5,866,980 | \$ 2,362,168 | \$ 2,432,240 | \$ 522,477 | \$ 11,183,865 |
| Tuition | 1,539,521 | - | - | - | 1,539,521 |
| Other | 255,366 | 1,080 | 51,218 | 398,811 | 706,475 |
| State sources | 6,930,603 | 537 | 129 | 905 | 6,932,174 |
| Federal sources | 774,172 | - | - | - | 774,172 |
| Total revenues | 15,366,642 | 2,363,785 | 2,483,587 | 922,193 | 21,136,207 |
| Expenditures: | | | | | |
| Current: | | | | | |
| Instruction | 9,090,399 | - | 19,942 | 452,557 | 9,562,898 |
| Support services: | | | | | |
| Student services | 307,927 | - | - | - | 307,927 |
| Instructional staff services | 501,183 | - | 167,682 | 15,985 | 684,850 |
| Administration services | 1,710,680 | - | 115 | 259,361 | 1,970,156 |
| Operation and maintenance of plant services | 1,316,482 | - | 56,933 | 109,055 | 1,482,470 |
| Transportation services | 585,888 | - | 142,576 | 24,497 | 752,961 |
| | 4,422,160 | - | 367,306 | 408,898 | 5,198,364 |
| Other expenditures: | | | | | |
| Facilities acquisition | - | - | 1,260,829 | - | 1,260,829 |
| Long term debt: | | | | | |
| Principal | - | 1,945,384 | - | - | 1,945,384 |
| Interest and fiscal charges | - | 1,713,750 | - | - | 1,713,750 |
| AEA flowthrough | 597,803 | - | - | - | 597,803 |
| | 597,803 | 3,659,134 | 1,260,829 | - | 5,517,766 |
| Total expenditures | 14,110,362 | 3,659,134 | 1,648,077 | 861,455 | 20,279,028 |
| Excess (deficiency) of revenues over (under) expenditures | 1,256,280 | (1,295,349) | 835,510 | 60,738 | 857,179 |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
Year Ended June 30, 2011

| | General | Debt Service | Capital Projects | Nonmajor | Total |
|---|--------------|-----------------|---------------------|------------|--------------|
| Other financing sources (uses): | | | | | |
| Sale of equipment | \$ 1,225 | \$ - | \$ - | \$ - | \$ 1,225 |
| Compensation for loss of capital assets | 29,787 | - | 77,437 | - | 107,224 |
| Interfund transfers in (note 3) | 33,469 | 1,343,116 | - | - | 1,376,585 |
| Interfund transfers out (note 3) | - | - | (1,343,116) | (33,469) | (1,376,585) |
| Total other financing sources (uses) | 64,481 | 1,343,116 | (1,265,679) | (33,469) | 108,449 |
| Net change in fund balances | 1,320,761 | 47,767 | (430,169) | 27,269 | 965,628 |
| Fund balances beginning of year, as restated (note 12) | 2,225,821 | 1,032,306 | 2,404,367 | 512,342 | 6,174,836 |
| Fund balances end of year | \$ 3,546,582 | \$ 1,080,073 | \$ 1,974,198 | \$ 539,611 | \$ 7,140,464 |

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
Year Ended June 30, 2011

Net change in fund balances - total governmental funds \$ 965,628

Amounts reported for governmental activities in the Statement of Activities
are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, those costs are not reported in the Statement of Net Assets and are allocated over their estimated useful lives as depreciation expense in the Statement of Activities. The amounts of capital outlays and depreciation expense in the year are as follows:

| | | |
|---------------------------------|------------------|---------|
| Expenditures for capital assets | \$ 1,232,188 | |
| Depreciation expense | <u>(970,072)</u> | 262,116 |

Income surtax revenue not received until several months after the District's fiscal year end is not considered available revenue in the governmental funds and is deferred. It is, however, recorded as revenue in the Statement of Activities. 85,853

The change in net assets of the Internal Service Fund is included in governmental activities in the Statement of Activities due to the integral nature of the fund to the governmental funds. (6,470)

Repayment of long-term liabilities is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Assets. 1,945,384

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when due. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. 18,628

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds, as follows:

| | | |
|----------------------|-----------------|----------------|
| Early retirement | 297,399 | |
| Compensated absences | 16,051 | |
| Net OPEB liability | <u>(51,000)</u> | <u>262,450</u> |

Change in net assets of governmental activities \$ 3,533,589

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
June 30, 2011

| | Enterprise | | | Internal Service Flexible Benefits |
|---|---------------------|------------|------------|---|
| | School Nutrition | Nonmajor | Total | |
| Assets | | | | |
| Cash and investments | \$ 194,337 | \$ 282,342 | \$ 476,679 | \$ 21,493 |
| Accounts receivable | 572 | 2,527 | 3,099 | - |
| Due from other governments | - | 1,374 | 1,374 | - |
| Inventories | 17,652 | - | 17,652 | - |
| Capital assets, net of accumulated depreciation (note 4) | 428,854 | - | 428,854 | - |
| Total assets | 641,415 | 286,243 | 927,658 | 21,493 |
| Liabilities | | | | |
| Accounts payable | 520 | 5,013 | 5,533 | - |
| Salaries and benefits payable | 1,552 | 29,447 | 30,999 | - |
| Deferred revenue | 17,421 | - | 17,421 | - |
| Total liabilities | 19,493 | 34,460 | 53,953 | - |
| Net Assets | | | | |
| Invested in capital assets | 428,854 | - | 428,854 | - |
| Unrestricted | 193,068 | 251,783 | 444,851 | 21,493 |
| Total net assets | \$ 621,922 | \$ 251,783 | \$ 873,705 | \$ 21,493 |

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
 STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 PROPRIETARY FUNDS
 Year Ended June 30, 2011

| | Enterprise | | | Internal Service Flexible Benefits |
|------------------------------|---------------------|-------------------|-------------------|---|
| | School Nutrition | Nonmajor | Total | |
| Operating revenues: | | | | |
| Local sources: | | | | |
| Charges for services | \$ 543,378 | \$ 478,188 | \$ 1,021,566 | \$ 137,622 |
| Operating expenses: | | | | |
| Support services: | | | | |
| Transportation services | - | 115 | 115 | - |
| Non-instructional programs | 830,633 | 395,842 | 1,226,475 | 144,092 |
| | <u>830,633</u> | <u>395,957</u> | <u>1,226,590</u> | <u>144,092</u> |
| Operating income (loss) | (287,255) | 82,231 | (205,024) | (6,470) |
| Non-operating revenues: | | | | |
| Interest on investments | 1,413 | 152 | 1,565 | - |
| Contributions | 662 | 1,002 | 1,664 | - |
| State sources | 9,451 | - | 9,451 | - |
| Federal sources | 262,605 | 20,030 | 282,635 | - |
| Total non-operating revenues | <u>274,131</u> | <u>21,184</u> | <u>295,315</u> | <u>-</u> |
| Change in net assets | (13,124) | 103,415 | 90,291 | (6,470) |
| Net assets beginning of year | <u>635,046</u> | <u>148,368</u> | <u>783,414</u> | <u>27,963</u> |
| Net assets end of year | <u>\$ 621,922</u> | <u>\$ 251,783</u> | <u>\$ 873,705</u> | <u>\$ 21,493</u> |

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

| | Enterprise | | | Internal Service Flexible Benefits |
|--|---------------------|------------|------------|---|
| | School Nutrition | Nonmajor | Total | |
| Cash flows from operating activities: | | | | |
| Cash received from sale of lunches and breakfasts | \$ 536,312 | \$ - | \$ 536,312 | \$ - |
| Cash received from miscellaneous operating activities | 9,916 | 478,045 | 487,961 | 137,622 |
| Cash payments to employees for services | (324,140) | (341,440) | (665,580) | - |
| Cash payments to suppliers for goods or services | (411,408) | (57,365) | (468,773) | (144,092) |
| Net cash provided by (used by) operating activities | (189,320) | 79,240 | (110,080) | (6,470) |
| Cash flows from non-capital financing activities: | | | | |
| Contributions received | 662 | 1,002 | 1,664 | - |
| State grants received | 9,451 | - | 9,451 | - |
| Federal grants received | 218,356 | 19,107 | 237,463 | - |
| Net cash provided by non-capital financing activities | 228,469 | 20,109 | 248,578 | - |
| Cash flows from capital and related financing activities: | | | | |
| Acquisition of capital assets | (8,896) | - | (8,896) | - |
| Cash flows from investing activities: | | | | |
| Interest on investments | 286 | 152 | 438 | - |
| Net increase (decrease) in cash and cash equivalents | 30,539 | 99,501 | 130,040 | (6,470) |
| Cash and cash equivalents beginning of year | 92,072 | 182,841 | 274,913 | 27,963 |
| Cash and cash equivalents end of year | \$ 122,611 | \$ 282,342 | \$ 404,953 | \$ 21,493 |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
Year Ended June 30, 2011

| | Enterprise | | | Internal Service Flexible Benefits |
|---|---------------------|-------------------|---------------------|---|
| | School Nutrition | Nonmajor | Total | |
| Reconciliation of operating income (loss) to net cash provided by (used by) operating activities: | | | | |
| Operating income (loss) | \$ (287,255) | \$ 82,231 | \$ (205,024) | \$ (6,470) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used by) operating activities: | | | | |
| Depreciation | 46,203 | - | 46,203 | - |
| Commodities used | 44,249 | - | 44,249 | - |
| (Increase) decrease in accounts receivable | 1,270 | (143) | 1,127 | - |
| Decrease in inventories | 3,078 | - | 3,078 | - |
| Increase in accounts payable | 420 | 2,106 | 2,526 | - |
| Increase (decrease) in salaries and benefits payable | 1,135 | (4,954) | (3,819) | - |
| Increase in deferred revenue | 1,580 | - | 1,580 | - |
| Net cash provided by (used by) operating activities | \$ <u>(189,320)</u> | \$ <u>79,240</u> | \$ <u>(110,080)</u> | \$ <u>(6,470)</u> |
| Reconciliation of cash and cash equivalents end of year to specific assets included on Statement of Net Assets: | | | | |
| Cash and investments | \$ 194,337 | \$ 282,342 | \$ 476,679 | \$ 21,493 |
| Less items not meeting the definition of a cash equivalent: | | | | |
| Certificate of deposit | (71,726) | - | (71,726) | - |
| Cash and cash equivalents end of year | \$ <u>122,611</u> | \$ <u>282,342</u> | \$ <u>404,953</u> | \$ <u>21,493</u> |

Non-cash investing, capital and financing activities:

During the year ended June 30, 2011, the District received \$44,249 of federal commodities.

See notes to financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies

Clear Creek Amana Community School District is a political subdivision of the State of Iowa and operates public schools for children in grades kindergarten through twelve. Additionally, the District either operates or sponsors various adult education programs. These courses include remedial education as well as vocational and recreational courses. The geographic area served includes the Cities of Coralville, North Liberty, Oxford, Tiffin and the Seven Villages of the Amana Colonies, Iowa, and agricultural territory in Johnson and Iowa Counties. The District is governed by a Board of Education whose members are elected on a non-partisan basis.

The District's financial statements are prepared in conformity with U.S. generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board.

A. Reporting Entity

For financial reporting purposes, Clear Creek Amana Community School District has included all funds, organizations, agencies, boards, commissions and authorities. The District has also considered all potential component units for which it is financially accountable and other organizations for which the nature and significance of their relationship with the District are such that exclusion would cause the District's financial statements to be misleading or incomplete. The Governmental Accounting Standards Board has set forth criteria to be considered in determining financial accountability. These criteria include appointing a voting majority of an organization's governing body and (1) the ability of the District to impose its will on that organization or (2) the potential for the organization to provide specific benefits to, or impose specific financial burdens on, the District. Clear Creek Amana Community School District has no component units which meet the Governmental Accounting Standards Board criteria.

Jointly Governed Organizations – The District participates in a jointly governed organization that provides services to the District but does not meet the criteria of a joint venture since there is no ongoing financial interest or responsibility by the participating governments. The District is a member of the Johnson and Iowa County Assessor's Conference Boards.

B. Basis of Presentation

District-wide Financial Statements – The Statement of Net Assets and the Statement of Activities report information on all of the nonfiduciary activities of the District. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by tax and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for service.

The Statement of Net Assets presents the District's nonfiduciary assets and liabilities, with the difference reported as net assets. Net assets are reported in three categories:

Invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes, and other debt attributable to the acquisition, construction, or improvement of those assets.

Restricted net assets result when constraints placed on net asset use are either externally imposed or imposed by law through constitutional provisions or enabling legislation.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

B. Basis of Presentation (continued)

Unrestricted net assets consist of net assets that do not meet the definition of the two preceding categories. Unrestricted net assets often have constraints on resources imposed by management which can be removed or modified.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and 2) grants, contributions and interest restricted to meeting the operational or capital requirements of a particular function. Property tax and other items not properly included among program revenues are reported instead as general revenues.

Fund Financial Statements – Separate financial statements are provided for governmental, proprietary, and fiduciary funds, even though the latter are excluded from the District-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements. All remaining governmental funds are aggregated and reported as nonmajor governmental funds. Combining schedules are also included for the Capital Projects Fund accounts.

The District reports the following major governmental funds:

The General Fund is the general operating fund of the District. All general tax revenues and other revenues not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid the general operating expenditures, including instructional, support and other costs.

The Debt Service Fund is used to account for property tax and other revenues to be used for the payment of interest and principal on the District's general long-term debt.

The Capital Projects Fund is used to account for all resources used in the acquisition and construction of capital facilities and other capital assets.

The District reports the following major proprietary fund:

The Enterprise, School Nutrition Fund is used to account for the food service operations of the District.

C. Measurement Focus and Basis of Accounting

The District-wide financial statements and the proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property tax is recognized as revenue in the year for which it is levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been satisfied.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting (continued)

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days after year end.

Property tax, intergovernmental revenues (shared revenues, grants and reimbursements from other governments) and interest associated with the current fiscal period are all considered to be susceptible to accrual. All other revenue items are considered to be measurable and available only when cash is received by the District.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, principal and interest on long-term debt, claims and judgments and compensated absences are recognized as expenditures only when payment is due. Capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Under terms of grant agreements, the District funds certain programs by a combination of specific cost-reimbursement grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net assets available to finance the program. It is the District's policy to first apply cost-reimbursement grant resources to such programs, and then general revenues.

When an expenditure is incurred in governmental funds which can be paid using either restricted or unrestricted resources, the District's policy is generally to first apply the expenditure toward restricted fund balance and then to less-restrictive classifications – committed, assigned and then unassigned fund balances.

The proprietary funds of the District apply all applicable GASB pronouncements as well as the following pronouncements issued on or before November 30, 1989, unless these pronouncements conflict with or contradict GASB pronouncements: Financial Accounting Standards Board Statements and Interpretations, Accounting Principles Board Opinions, and Accounting Research Bulletins of the Committee on Accounting Procedure.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the District's enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The District maintains its financial records on the cash basis. The financial statements of the District are prepared by making memorandum adjusting entries to the cash basis financial records.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity

The following accounting policies are followed in preparing the financial statements:

Cash, Pooled Investments and Cash Equivalents – The cash balances of most District funds are pooled and invested. Investments are stated at fair value except for the investment in the Iowa Schools Joint Investment Trust, which is valued at amortized cost, and non-negotiable certificates of deposit, which are stated at cost.

For purposes of the statement of cash flows, all short-term cash investments that are highly liquid are considered to be cash equivalents. Cash equivalents are readily convertible to known amounts of cash, and, at the day of purchase, have a maturity date no longer than three months. Investments not meeting the definition of cash equivalents at June 30, 2011 included \$71,726 of certificates of deposit with maturity dates longer than three months.

Property Tax Receivable – Property tax in governmental funds is accounted for using the modified accrual basis of accounting.

Property tax receivable is recognized in these funds on the levy or lien date, which is the date that the tax asking is certified by the Board of Education. Current year property tax receivable represents unpaid taxes from the current year. The succeeding year property tax receivable represents taxes certified by the Board of Education to be collected in the next fiscal year for the purposes set out in the budget for the next fiscal year. By statute, the District is required to certify its budget in April of each year for the subsequent fiscal year. However, by statute, the tax asking and budget certification for the following fiscal year becomes effective on the first day of that year. Although the succeeding year property tax receivable has been recorded, the related revenue is deferred in both the District-wide and fund financial statements and will not be recognized as revenue until the year for which it is levied.

The property tax revenue recognized in these funds becomes due and collectible in September and March of the fiscal year with a 1 ½% per month penalty for delinquent payments; is based on January 1, 2009 assessed property valuations; is for the tax accrual period July 1, 2010 through June 30, 2011 and reflects the tax asking contained in the budget certified to the County Board of Supervisors in April 2010.

Income Surtax Receivable – Income surtax budgeted for the fiscal year ended June 30, 2011 will not be received by the District until several months after the fiscal year end. Accordingly, income surtax is recorded as a receivable and included in deferred revenue on the modified accrual basis for the governmental funds. For the District-wide statements, on the Statement of Activities the income surtax revenue is recognized.

Due From Other Governments – Due from other governments represents amounts due from the State of Iowa, various shared revenues, grants and reimbursements from other governments.

Inventories – Inventories are valued at cost using the first-in, first-out method for purchased items and government commodities. Inventories of proprietary funds are recorded as expenses when consumed rather than when purchased or received.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Capital Assets – Capital assets, which include property, furniture, and equipment, are reported in the applicable governmental or business-type activities columns in the District-wide Statement of Net Assets. Capital assets are recorded at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Capital assets are defined by the District as assets with an initial, individual cost in excess of the following thresholds and estimated useful lives in excess of two years.

| Asset Class | Amount |
|-----------------------------------|----------|
| Land | \$ 5,000 |
| Buildings | 5,000 |
| Improvements other than buildings | 5,000 |
| Intangibles | 100,000 |
| Furniture and equipment: | |
| School Nutrition Fund equipment | 500 |
| Other furniture and equipment | 5,000 |

Capital assets are depreciated using the straight line method of depreciation over the following estimated useful lives:

| Asset Class | Estimated Useful Lives |
|-----------------------------------|------------------------|
| Buildings | 50 years |
| Improvements other than buildings | 5-25 years |
| Furniture and equipment | 3-20 years |

Salaries and Benefits Payable – Payroll and related expenses for hourly employees, which are payable in July, have been accrued as liabilities.

Deferred Revenue – Although certain revenues are measurable, they are not available. Available means collectible within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue in the governmental fund financial statements represents the amount of assets that have been recognized, but the related revenue has not been recognized since the assets are not collected within the current period or expected to be collected soon enough thereafter to be used to pay liabilities of the current period. Deferred revenue for governmental funds consists of unspent grant proceeds, the succeeding year property tax receivable and other receivables not collected within sixty days after year end.

Deferred revenue for governmental activities in the Statement of Net Assets consists of unspent grant proceeds and the succeeding year property tax receivable that will not be recognized as revenue until the year for which it is levied.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities and Fund Equity (continued)

Deferred revenue for proprietary funds and business-type activities consists of unearned meal revenues.

Long-term Liabilities – In the District-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities column in the Statement of Net Assets.

Compensated Absences – District employees accumulate a limited amount of earned but unused vacation for subsequent use or for payment upon termination, death or retirement. A liability is recorded when incurred in the District-wide financial statements. A liability for these amounts is reported in governmental fund financial statements only for employees who have resigned or retired. The compensated absences liability has been computed based on rates of pay in effect at June 30, 2011. The compensated absences liability attributable to the governmental activities will be paid primarily by the General Fund.

Fund Equity – In the governmental fund financial statements, fund balances are classified as follows:

Restricted – Amounts restricted to specific purposes when constraints placed on the use of the resources are either externally imposed by creditors, grantors or state or federal laws or are imposed by law through constitutional provisions or enabling legislation.

Assigned – Amounts the Board of Education intends to use for specific purposes.

Unassigned – All amounts not included in other classifications.

Restricted Net Assets – In the District-wide Statement of Net Assets, net assets are reported as restricted when constraints placed on net asset use are either externally imposed by creditors, grantors, contributors or laws and regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

E. Budgets and Budgetary Control

The budgetary comparison and related disclosures are reported as Required Supplementary Information. During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

Note 2. Cash and Pooled Investments

The District's deposits in banks at June 30, 2011 were entirely covered by federal depository insurance or by the State Sinking Fund in accordance with Chapter 12C of the Code of Iowa. This chapter provides for additional assessments against the depositories to insure there will be no loss of public funds.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 2. Cash and Pooled Investments (continued)

The District is authorized by statute to invest public funds in obligations of the United States government, its agencies and instrumentalities; certificates of deposit or other evidences of deposit at federally insured depository institutions approved by the Board of Education; prime eligible bankers acceptances; certain high rated commercial paper; perfected repurchase agreements; certain registered open-end management investment companies; certain joint investment trusts; and warrants or improvement certificates of a drainage district.

At June 30, 2011, the District had investments in the Iowa Schools Joint Investment Trust as follows:

| | <u>Amortized Cost</u> |
|-----------------------|---------------------------|
| Diversified Portfolio | \$ <u>995,578</u> |

The investments are valued at an amortized cost pursuant to Rule 2a-7 under the Investment Company Act of 1940.

Credit Risk – The investment in the Iowa Schools Joint Investment Trust was rated Aaa by Moody's Investors Service.

Note 3. Interfund Transfers

The detail of interfund transfers for the year ended June 30, 2011 is as follows:

| <u>Transfer to</u> | <u>Transfer from</u> | <u>Amount</u> |
|--------------------|--------------------------------------|---------------------|
| General | Special Revenue: Student Activity | \$ 33,469 |
| Debt Service | Capital Projects | <u>1,343,116</u> |
| | | \$ <u>1,376,585</u> |

Transfers generally move revenues from the fund statutorily required to collect the resources to the fund statutorily required to expend the resources.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Capital Assets

Capital assets activity for the year ended June 30, 2011 is as follows:

| | Balance Beginning of Year | Increases | Decreases | Balance End of Year |
|--|---------------------------------|---------------------|---------------------|---------------------------|
| Governmental activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 1,578,566 | \$ - | \$ - | \$ 1,578,566 |
| Construction in progress | 26,470,282 | 953,856 | 1,366,748 | 26,057,390 |
| Total capital assets not being depreciated | <u>28,048,848</u> | <u>953,856</u> | <u>1,366,748</u> | <u>27,635,956</u> |
| Capital assets being depreciated: | | | | |
| Buildings | 25,173,922 | 489,419 | - | 25,663,341 |
| Improvements other than buildings | 2,121,331 | 877,329 | - | 2,998,660 |
| Furniture and equipment | 3,237,890 | 278,332 | 154,823 | 3,361,399 |
| Total capital assets being depreciated | <u>30,533,143</u> | <u>1,645,080</u> | <u>154,823</u> | <u>32,023,400</u> |
| Less accumulated depreciation for: | | | | |
| Buildings | 4,679,459 | 512,399 | - | 5,191,858 |
| Improvements other than buildings | 564,100 | 130,448 | - | 694,548 |
| Furniture and equipment | 1,632,428 | 327,225 | 154,823 | 1,804,830 |
| Total accumulated depreciation | <u>6,875,987</u> | <u>970,072</u> | <u>154,823</u> | <u>7,691,236</u> |
| Total capital assets being depreciated, net | <u>23,657,156</u> | <u>675,008</u> | <u>-</u> | <u>24,332,164</u> |
| Governmental activities capital assets, net | <u>\$ 51,706,004</u> | <u>\$ 1,628,864</u> | <u>\$ 1,366,748</u> | <u>\$ 51,968,120</u> |
| Business-type activities: | | | | |
| Furniture and equipment | \$ 659,129 | \$ 8,896 | \$ 4,670 | \$ 663,355 |
| Less accumulated depreciation | <u>192,968</u> | <u>46,203</u> | <u>4,670</u> | <u>234,501</u> |
| Business-type activities capital assets, net | <u>\$ 466,161</u> | <u>\$ (37,307)</u> | <u>\$ -</u> | <u>\$ 428,854</u> |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 4. Capital Assets (continued)

Depreciation expense was charged by the District to the following functions:

Governmental activities:

| | |
|---|----------------|
| Instruction | \$ 115,823 |
| Support services: | |
| Administration | 2,942 |
| Operation and maintenance of plant services | 25,284 |
| Transportation | <u>164,304</u> |
| | 308,353 |
| Unallocated depreciation | <u>661,719</u> |

| | |
|--|-------------------|
| Total governmental activities depreciation expense | \$ <u>970,072</u> |
|--|-------------------|

Business-type activities:

| | |
|-------------------------|------------------|
| Food service operations | \$ <u>46,203</u> |
|-------------------------|------------------|

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities

A summary of changes in long-term liabilities for the year ended June 30, 2011 is as follows:

| | Balance Beginning of Year | Additions | Reductions | Balance End of Year | Due Within One Year |
|--------------------------|---------------------------------|------------------|---------------------|---------------------------|---------------------------|
| Termination benefits | \$ 967,631 | \$ - | \$ 297,399 | \$ 670,232 | \$ 243,257 |
| General obligation bonds | 25,800,000 | - | 1,260,000 | 24,540,000 | 1,305,000 |
| Revenue bonds | 12,505,000 | - | 635,000 | 11,870,000 | 700,000 |
| Lease purchase agreement | 102,245 | - | 50,384 | 51,861 | 51,861 |
| Compensated absences | 57,810 | 41,759 | 57,810 | 41,759 | 41,759 |
| Net OPEB liability | 53,000 | 51,000 | - | 104,000 | - |
| Total | <u>\$ 39,485,686</u> | <u>\$ 92,759</u> | <u>\$ 2,300,593</u> | <u>\$ 37,277,852</u> | <u>\$ 2,341,877</u> |

Termination Benefits

The District offers a voluntary early retirement plan to its employees. Eligible licensed employees must be at least age fifty-five and must have completed at least twelve years of full-time service to the District. Eligible classified employees must be at least age fifty-five and must have completed at least thirty years of full-time service to the District. Employees must complete an application which is required to be approved by the Board of Education.

The early retirement cash stipend benefit for each eligible licensed employee is equal to 75% of the employee's base salary calculated by using the current year regular salary schedule, less any other additional pay. Early retirement cash stipend benefits will be paid into a 403b plan in three annual payments.

The early retirement insurance benefit for each eligible employee is the District's contribution to the retired employee's monthly health insurance premiums at the amount set by the master contract for a single policy, until the retiree is eligible for Medicare.

At June 30, 2011, the District has obligations to twenty-five participants with a total liability of \$670,232. Actual early retirement expenditures for the year ended June 30, 2011 totaled \$297,399. The cost of early retirement payments is recorded as a long-term liability of the Governmental Activities in the District-wide financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable

Details of the District's June 30, 2011 general obligation bonded indebtedness are as follows:

| Year Ending June 30, | Bond Issue August 1, 2002 | | | |
|-------------------------|---------------------------|------------|----------|------------|
| | Interest Rates | Principal | Interest | Total |
| 2012 | 4.00 % | \$ 115,000 | \$ 9,315 | \$ 124,315 |
| 2013 | 4.10 | 115,000 | 4,715 | 119,715 |
| | | 230,000 | 14,030 | 244,030 |

| Year Ending June 30, | Refunding Bond Issue August 1, 2003 | | | |
|-------------------------|-------------------------------------|------------|-----------|------------|
| | Interest Rates | Principal | Interest | Total |
| 2012 | 3.25 % | \$ 365,000 | \$ 52,183 | \$ 417,183 |
| 2013 | 3.30 | 380,000 | 40,320 | 420,320 |
| 2014 | 3.40 | 395,000 | 27,780 | 422,780 |
| 2015 | 3.50 | 410,000 | 14,350 | 424,350 |
| | | 1,550,000 | 134,633 | 1,684,633 |

| Year Ending June 30, | Bond Issue June 1, 2006 | | | |
|-------------------------|-------------------------|------------|------------|------------|
| | Interest Rates | Principal | Interest | Total |
| 2012 | - % | \$ - | \$ 684,450 | \$ 684,450 |
| 2013 | - | - | 684,450 | 684,450 |
| 2014 | - | - | 684,450 | 684,450 |
| 2015 | - | - | 684,450 | 684,450 |
| 2016 | - | - | 684,450 | 684,450 |
| 2017-2021 | 4.625-4.750 | 4,610,000 | 3,234,013 | 7,844,013 |
| 2022-2026 | 4.750 | 9,875,000 | 1,446,374 | 11,321,374 |
| | | 14,485,000 | 8,102,637 | 22,587,637 |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

General Obligation Bonds Payable (continued)

| Year Ending June 30, | Bond Issue May 1, 2007 | | | |
|-------------------------|------------------------|------------|------------|--------------|
| | Interest Rates | Principal | Interest | Total |
| 2012 | 3.80 % | \$ 725,000 | \$ 309,323 | \$ 1,034,323 |
| 2013 | 3.80 | 770,000 | 281,773 | 1,051,773 |
| 2014 | 3.80 | 910,000 | 252,513 | 1,162,513 |
| 2015 | 3.80 | 950,000 | 217,933 | 1,167,933 |
| 2016 | 3.80 | 1,410,000 | 181,832 | 1,591,832 |
| 2017-2019 | 3.80-3.85 | 3,370,000 | 215,656 | 3,585,656 |
| | | 8,135,000 | 1,459,030 | 9,594,030 |

| Year Ending June 30, | Bond Issue May 15, 2008 | | | |
|-------------------------|-------------------------|------------|----------|------------|
| | Interest Rates | Principal | Interest | Total |
| 2012 | 3.00 % | \$ 100,000 | \$ 4,400 | \$ 104,400 |
| 2013 | 3.50 | 40,000 | 1,400 | 41,400 |
| | | 140,000 | 5,800 | 145,800 |

| Year Ending June 30, | Total | | |
|-------------------------|----------------------|---------------------|----------------------|
| | Principal | Interest | Total |
| 2012 | \$ 1,305,000 | \$ 1,059,671 | \$ 2,364,671 |
| 2013 | 1,305,000 | 1,012,658 | 2,317,658 |
| 2014 | 1,305,000 | 964,743 | 2,269,743 |
| 2015 | 1,360,000 | 916,733 | 2,276,733 |
| 2016 | 1,410,000 | 866,282 | 2,276,282 |
| 2017-2021 | 7,980,000 | 3,449,669 | 11,429,669 |
| 2022-2026 | 9,875,000 | 1,446,374 | 11,321,374 |
| | <u>\$ 24,540,000</u> | <u>\$ 9,716,130</u> | <u>\$ 34,256,130</u> |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

Revenue Bonds

Details of the District's June 30, 2011 school infrastructure sales and services tax revenue bonded indebtedness are as follows:

| Year Ending June 30, | Interest Rates | Principal | Interest | Total |
|-------------------------|-------------------|----------------------|---------------------|----------------------|
| 2012 | 4.250 % | \$ 700,000 | \$ 572,481 | \$ 1,272,481 |
| 2013 | 4.250 | 740,000 | 541,881 | 1,281,881 |
| 2014 | 4.250 | 480,000 | 515,956 | 995,956 |
| 2015 | 4.250 | 400,000 | 497,256 | 897,256 |
| 2016 | 4.250 | 430,000 | 479,619 | 909,619 |
| 2017-2021 | 4.000-5.000 | 2,425,000 | 2,095,547 | 4,520,547 |
| 2022-2026 | 5.000-5.375 | 3,105,000 | 1,413,713 | 4,518,713 |
| 2027-2030 | 5.375-5.625 | 3,590,000 | 463,035 | 4,053,035 |
| | | <u>\$ 11,870,000</u> | <u>\$ 6,579,488</u> | <u>\$ 18,449,488</u> |

The District pledged future school infrastructure (statewide) sales and services tax revenues to repay the \$12,505,000 bonds issued in June 2009. The bonds were issued for the purpose of financing a portion of the costs of a new high school athletic complex and auditorium. The bonds are payable solely from the proceeds of the school infrastructure (statewide) sales and services tax revenues received by the District and are payable through 2030. The bonds are not a general obligation of the District. Annual principal and interest payments on the bonds are expected to require approximately 55 to 80 percent of the school infrastructure (statewide) sales and services tax revenues. The total principal and interest remaining to be paid on the notes is \$18,449,488. For the current year, interest and principal of \$1,235,850 was paid on the bonds and total statewide sales and services tax revenues were \$1,606,396.

The resolution providing for the issuance of the school infrastructure sales and services tax revenue bonds includes the following provisions:

- (a) The bonds will be redeemed from the future earnings of the school infrastructure sales and services tax revenues received by the District and the bond holders hold a lien on the future revenues received.
- (b) A reserve will be maintained in the amount of \$1,250,500 to be used solely for the purpose of paying principal and interest in the event the funds available within the sinking fund are not sufficient for that purpose.
- (c) Sufficient monthly deposits amounting to one twelfth of the next principal payment and one sixth of the next interest payment shall be made to the sinking fund for the purpose of making the bond principal and interest payments when due.
- (d) Any monies remaining in the revenue fund after the required transfer to the sinking fund may be transferred to the project fund to be used for any lawful purpose.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 5. Long-Term Liabilities (continued)

Lease Purchase Agreement

During the year ended June 30, 2009, the District entered into an agreement for the lease purchase of computers and computer equipment totaling \$154,238. The agreement provides for three annual payments and includes interest at 2.9%.

Details of the District's June 30, 2011 lease purchase agreement indebtedness are as follows:

| Year Ending June 30, | Principal | Interest | Total |
|-------------------------|------------------|-----------------|------------------|
| 2012 | \$ <u>51,861</u> | \$ <u>1,520</u> | \$ <u>53,381</u> |

Note 6. Other Postemployment Benefits (OPEB)

Plan Description – The District operates a single-employer retiree benefit plan which provides medical and prescription drug benefits for retirees and their spouses. There are 177 active and 17 retired members in the plan. Participants must be age 55 or older at retirement.

The medical/prescription drug coverage is provided through a fully-insured plan with Principal. Retirees under age 65 pay the same premium for the medical/prescription drug benefit as active employees, which results in an implicit subsidy and an OPEB liability.

Funding Policy – The contribution requirements of plan members are established and may be amended by the District. The District currently finances the retiree benefit plan on a pay-as-you-go basis.

Annual OPEB Cost and Net OPEB Obligation – The District's annual OPEB cost is calculated based on the annual required contribution (ARC) of the District, an amount actuarially determined in accordance with GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities over a period not to exceed 30 years.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Other Postemployment Benefits (OPEB) (continued)

The following table shows the components of the District's annual OPEB cost for the year ended June 30, 2011, the amount actually contributed to the plan and changes in the District's net OPEB obligation:

| | |
|--|--------------------------|
| Annual required contribution | \$ 70,000 |
| Interest on net OPEB obligation | 1,000 |
| Adjustment to annual required contribution | <u>(5,000)</u> |
| Annual OPEB cost | 66,000 |
| Contributions made | <u>(15,000)</u> |
| Increase in net OPEB obligation | 51,000 |
| Net OPEB obligation beginning of year | <u>53,000</u> |
| Net OPEB obligation end of year | <u><u>\$ 104,000</u></u> |

For calculation of the net OPEB obligation, the actuary has set the transition day as July 1, 2009. The end of year net OPEB obligation was calculated by the actuary as the cumulative difference between the actuarially determined funding requirements and the actual contributions for the year ended June 30, 2011.

For the year ended June 30, 2011, the District contributed \$15,000 to the medical plan.

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation as of June 30, 2011 are summarized as follows:

| Year Ended | Annual OPEB Cost | Percentage of Annual OPEB Cost Contributed | Net OPEB Obligation |
|---------------|---------------------|--|---------------------------|
| June 30, 2011 | \$ 66,000 | 22.7% | \$ 104,000 |

Funded Status and Funding Progress – As of July 1, 2009, the most recent actuarial valuation date for the period July 1, 2010 through June 30, 2011, the actuarial accrued liability was \$475,000, with no actuarial value of assets, resulting in an unfunded actuarial accrued liability (UAAL) of \$475,000. The covered payroll (annual payroll of active employees covered by the plan) was approximately \$9,423,000, and the ratio of the UAAL to covered payroll was 5.0%. As of June 30, 2011, there were no trust fund assets.

Actuarial Methods and Assumptions – Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the health care cost trend. Actuarially determined amounts are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information in the section following the Notes to Financial Statements, will present multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 6. Other Postemployment Benefits (OPEB) (continued)

Projections of benefits for financial reporting purposes are based on the plan as understood by the employer and the plan members and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

As of the July 1, 2009 actuarial valuation date, the frozen entry age actuarial cost method was used. The actuarial assumptions include a 2.5% discount rate based on the District's funding policy. The projected annual medical trend rate is 6%.

Mortality rates are from the 94 Group Annuity Mortality Table projected to 2000, applied on a 2/3 female, 1/3 male basis. The UAAL is being amortized as a level dollar cost over the service of the group on a closed basis over 30 years.

Note 7. Pension and Retirement Benefits

The District contributes to the Iowa Public Employees Retirement System (IPERS), which is a cost-sharing multiple-employer defined benefit pension plan administered by the State of Iowa. IPERS provides retirement and death benefits which are established by State statute to plan members and beneficiaries. IPERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to IPERS, P.O. Box 9117, Des Moines, Iowa 50306-9117.

Plan members are required to contribute 4.50% of their annual covered salary and the District is required to contribute 6.95% of annual covered payroll for the year ended June 30, 2011. Contribution requirements are established by State statute. The District's contributions to IPERS for the years ended June 30, 2011, 2010, and 2009 were \$654,859, \$605,571, and \$575,253, respectively, equal to the required contributions for each year.

Note 8. Risk Management

Clear Creek Amana Community School District is exposed to various risks of loss related to torts; theft; damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. These risks are covered by the purchase of commercial insurance. The District assumes liability for any deductibles and claims in excess of coverage limitations. Settled claims from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

Note 9. Area Education Agency

The District is required by the Code of Iowa to budget for its share of special education support, media and educational services provided through the area education agency. The District's actual amount for this purpose totaled \$597,803 for the year ended June 30, 2011 and is recorded in the General Fund by making a memorandum adjusting entry to the cash basis financial statements.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 10. Categorical Funding

The District's fund balance restricted for categorical funding at June 30, 2011 is comprised of the following programs:

| Program | Amount |
|--|-------------------|
| Returning dropouts and dropout prevention programs | \$ 434,879 |
| Gifted and talented programs | 123,160 |
| Salary improvement program | 87,716 |
| Statewide voluntary preschool program | 45,329 |
| Professional development for model core curriculum | 45,151 |
| Professional development | 33,656 |
| Iowa early intervention block grant | 8,034 |
| Beginning teacher mentoring and induction | 3,359 |
| Wise Iowa project grant | 1,498 |
| Transportation aid for nonpublic students | 1,032 |
| | <hr/> |
| Total | \$ <u>783,814</u> |

Note 11. Construction Commitments

The District has entered into various contracts totaling \$23,472,648 for a new high school building and paving projects. As of June 30, 2011, costs of \$23,182,517 had been incurred against the contracts. The balance of \$290,131 remaining at June 30, 2011 will be paid as work on the projects progresses.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

June 30, 2011

Note 12. Accounting Change/Restatement

Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions, was implemented during the year ended June 30, 2011. The effect of fund type reclassifications is as follows:

| | Capital Projects | Special Revenue, Physical Plant and Equipment Levy |
|---|---------------------|---|
| Balances June 30, 2010, as previously reported | \$ 2,027,000 | \$ 377,367 |
| Change in fund type classification per implementation of GASB Statement No. 54 | <u>377,367</u> | <u>(377,367)</u> |
| Balances July 1, 2010, as restated | <u>\$ 2,404,367</u> | <u>\$ -</u> |

Note 13. Contingency

The District has one ongoing lawsuit. The outcome of the case cannot be determined at this time.

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Required Supplementary Information

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

**Budgetary Comparison Schedule of Revenues, Expenditures/Expenses and Changes in Balances –
Budget and Actual – All Governmental Funds and Proprietary Funds**

Required Supplementary Information

Year Ended June 30, 2011

| | Governmental Funds - Actual | Proprietary Funds - Actual | Total Actual | Budgeted Amounts | | Final to Actual Variance |
|--|-----------------------------------|----------------------------------|---------------------|---------------------|---------------------|--------------------------------|
| | | | | Original | Final | |
| REVENUES: | | | | | | |
| Local sources | \$ 13,429,861 | \$ 1,024,795 | \$ 14,454,656 | \$ 13,848,646 | \$ 13,848,646 | \$ 606,010 |
| State sources | 6,932,174 | 9,451 | 6,941,625 | 7,386,129 | 7,386,129 | (444,504) |
| Federal sources | 774,172 | 282,635 | 1,056,807 | 600,000 | 600,000 | 456,807 |
| Total revenues | 21,136,207 | 1,316,881 | 22,453,088 | 21,834,775 | 21,834,775 | 618,313 |
| EXPENDITURES/EXPENSES: | | | | | | |
| Instruction | 9,562,898 | - | 9,562,898 | 9,863,272 | 10,000,000 | 437,102 |
| Support services | 5,198,364 | 115 | 5,198,479 | 5,673,500 | 5,800,000 | 601,521 |
| Non-instructional programs | - | 1,226,475 | 1,226,475 | 1,195,000 | 1,500,000 | 273,525 |
| Other expenditures | 5,517,766 | - | 5,517,766 | 5,394,179 | 6,300,000 | 782,234 |
| Total expenditures/expenses | 20,279,028 | 1,226,590 | 21,505,618 | 22,125,951 | 23,600,000 | 2,094,382 |
| Excess (deficiency) of revenues over (under) expenditures/ expenses | 857,179 | 90,291 | 947,470 | (291,176) | (1,765,225) | 2,712,695 |
| Other financing sources, net | 108,449 | - | 108,449 | 5,000 | 5,000 | 103,449 |
| Excess (deficiency) of revenues and other financing sources over (under) expenditures/ expenses | 965,628 | 90,291 | 1,055,919 | (286,176) | (1,760,225) | 2,816,144 |
| Balance beginning of year | 6,174,836 | 783,414 | 6,958,250 | 2,876,506 | 2,876,506 | 4,081,744 |
| Balance end of year | <u>\$ 7,140,464</u> | <u>\$ 873,705</u> | <u>\$ 8,014,169</u> | <u>\$ 2,590,330</u> | <u>\$ 1,116,281</u> | <u>\$ 6,897,888</u> |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION – BUDGETARY REPORTING
Year Ended June 30, 2011

This budgetary comparison is presented as Required Supplementary Information in accordance with Governmental Accounting Standards Board Statement No. 41 for governments with significant budgetary perspective differences resulting from not being able to present budgetary comparisons for the General Fund and each major Special Revenue Fund.

In accordance with the Code of Iowa, the Board of Education annually adopts a budget following required public notice and hearing for all funds except internal service, private-purpose trust and agency funds. The budget may be amended during the year utilizing similar statutorily prescribed procedures. The District's budget is prepared on the accrual basis.

Formal and legal budgetary control for the certified budget is based upon four major classes of expenditures known as functions, not by fund or fund type. These four functions are instruction, support services, non-instructional programs and other expenditures. Although the budget document presents function expenditures or expenses by fund, the legal level of control is at the aggregated function level, not by fund. The Code of Iowa also provides that District expenditures in the General Fund may not exceed the amount authorized by the school finance formula. During the year, the District adopted one budget amendment increasing budgeted expenditures by \$1,474,049.

During the year ended June 30, 2011, expenditures did not exceed the amounts budgeted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FUNDING PROGRESS FOR THE RETIREE HEALTH PLAN
(In Thousands)

Required Supplementary Information
Year Ended June 30, 2011

| Year Ended June 30, | Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Unfunded AAL (UAAL) (b-a) | Funded Ratio (a/b) | Covered Payroll (c) | UAAL as a Percentage of Covered Payroll ((b-a)/c) |
|---------------------------|--------------------------------|--|---|--------------------------------------|----------------------------|-----------------------------|---|
| 2010 | July 1, 2009 | \$ - | \$ 479 | \$ 479 | 0.0% | \$ 9,177 | 5.2% |
| 2011 | July 1, 2009 | - | 475 | 475 | 0.0% | 9,423 | 5.0% |

See note 6 in the accompanying Notes to Financial Statements for the plan description, funding policy, annual OPEB Cost and Net OPEB Obligation, funded status and funding progress.

See accompanying independent auditor's report.

Other Supplementary Information

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
June 30, 2011

| | Special Revenue | | | |
|--|-------------------|-------------------|-------------------|---------------------|
| | Management | Student | Library | Total |
| | Levy | Activity | | |
| Assets | | | | |
| Cash and pooled investments | \$ 293,424 | \$ 186,635 | \$ 91,047 | \$ 571,106 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | 3,635 | - | 150 | 3,785 |
| Succeeding year | 475,000 | - | 21,459 | 496,459 |
| Accounts | - | 1,406 | - | 1,406 |
| Due from other governments | - | 260 | - | 260 |
| Total assets | \$ 772,059 | \$ 188,301 | \$ 112,656 | \$ 1,073,016 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 5,374 | \$ 28,209 | \$ 264 | \$ 33,847 |
| Salaries and benefits payable | - | - | 3,099 | 3,099 |
| Deferred revenue: | | | | |
| Succeeding year property tax | 475,000 | - | 21,459 | 496,459 |
| Total liabilities | 480,374 | 28,209 | 24,822 | 533,405 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Management levy purposes | 291,685 | - | - | 291,685 |
| Student activities | - | 160,092 | - | 160,092 |
| Library purposes | - | - | 87,834 | 87,834 |
| Total fund balances | 291,685 | 160,092 | 87,834 | 539,611 |
| Total liabilities and fund balances | \$ 772,059 | \$ 188,301 | \$ 112,656 | \$ 1,073,016 |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 NONMAJOR GOVERNMENTAL FUNDS
 Year Ended June 30, 2011

| | Special Revenue | | | |
|---|-----------------|------------|-----------|------------|
| | Management | Student | Library | Total |
| | Levy | Activity | | |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 500,438 | \$ - | \$ 22,039 | \$ 522,477 |
| Other | 36,427 | 316,295 | 46,089 | 398,811 |
| State sources | 171 | - | 734 | 905 |
| Total revenues | 537,036 | 316,295 | 68,862 | 922,193 |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | 172,669 | 279,888 | - | 452,557 |
| Support services: | | | | |
| Instructional staff services | - | - | 15,985 | 15,985 |
| Administration services | 230,198 | 120 | 29,043 | 259,361 |
| Operation and maintenance of plant services | 109,055 | - | - | 109,055 |
| Transportation services | 21,488 | 3,009 | - | 24,497 |
| Total expenditures | 533,410 | 283,017 | 45,028 | 861,455 |
| Excess of revenues over expenditures | 3,626 | 33,278 | 23,834 | 60,738 |
| Other financing uses: | | | | |
| Interfund transfers out | - | (33,469) | - | (33,469) |
| Net change in fund balances | 3,626 | (191) | 23,834 | 27,269 |
| Fund balances beginning of year | 288,059 | 160,283 | 64,000 | 512,342 |
| Fund balances end of year | \$ 291,685 | \$ 160,092 | \$ 87,834 | \$ 539,611 |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING BALANCE SHEET
CAPITAL PROJECTS ACCOUNTS
June 30, 2011

| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Other Construction Projects | Total |
|--|---|--|-----------------------------------|---------------------|
| Assets | | | | |
| Cash and pooled investments | \$ 1,505,185 | \$ 529,012 | \$ - | \$ 2,034,197 |
| Receivables: | | | | |
| Property tax: | | | | |
| Current year | - | 3,339 | - | 3,339 |
| Succeeding year | - | 585,538 | - | 585,538 |
| Income surtax | - | 243,530 | - | 243,530 |
| Due from other governments | 267,430 | - | - | 267,430 |
| Total assets | \$ 1,772,615 | \$ 1,361,419 | \$ - | \$ 3,134,034 |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ 101,911 | \$ 39,645 | \$ - | \$ 141,556 |
| Retainage payable | 44,702 | 113,670 | 30,840 | 189,212 |
| Deferred revenue: | | | | |
| Succeeding year property tax | - | 585,538 | - | 585,538 |
| Other | - | 243,530 | - | 243,530 |
| Total liabilities | 146,613 | 982,383 | 30,840 | 1,159,836 |
| Fund balances: | | | | |
| Restricted for: | | | | |
| Revenue bonds | 1,250,500 | - | - | 1,250,500 |
| School infrastructure | 375,502 | - | (30,840) | 344,662 |
| Physical plant and equipment | - | 379,036 | - | 379,036 |
| Total fund balances | 1,626,002 | 379,036 | (30,840) | 1,974,198 |
| Total liabilities and fund balances | \$ 1,772,615 | \$ 1,361,419 | \$ - | \$ 3,134,034 |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
CAPITAL PROJECTS ACCOUNTS

Year Ended June 30, 2011

| | Statewide Sales, Services and Use Tax | Physical Plant and Equipment Levy | Other Construction Projects | Total |
|--|---|--|-----------------------------------|---------------------|
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 1,606,396 | \$ 825,844 | \$ - | \$ 2,432,240 |
| Other | 48,061 | 1,738 | 1,419 | 51,218 |
| State sources | - | 129 | - | 129 |
| Total revenues | <u>1,654,457</u> | <u>827,711</u> | <u>1,419</u> | <u>2,483,587</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction | - | 19,942 | - | 19,942 |
| Support services: | | | | |
| Instructional staff services | - | 167,682 | - | 167,682 |
| Administration services | - | - | 115 | 115 |
| Operation and maintenance of plant services | - | 56,933 | - | 56,933 |
| Transportation services | - | 142,576 | - | 142,576 |
| Other expenditures: | | | | |
| Facilities acquisition | 529,129 | 475,165 | 256,535 | 1,260,829 |
| Total expenditures | <u>529,129</u> | <u>862,298</u> | <u>256,650</u> | <u>1,648,077</u> |
| Excess (deficiency) of revenues over (under) expenditures | 1,125,328 | (34,587) | (255,231) | 835,510 |
| Other financing sources (uses): | | | | |
| Compensation for loss of capital assets | - | 77,437 | - | 77,437 |
| Interfund transfers out | (1,289,735) | (53,381) | - | (1,343,116) |
| Intrafund transfers in | - | 125,870 | 113,670 | 239,540 |
| Intrafund transfers out | - | (113,670) | (125,870) | (239,540) |
| Total other financing sources (uses) | <u>(1,289,735)</u> | <u>36,256</u> | <u>(12,200)</u> | <u>(1,265,679)</u> |
| Net change in fund balances | (164,407) | 1,669 | (267,431) | (430,169) |
| Fund balances beginning of year, as restated | <u>1,790,409</u> | <u>377,367</u> | <u>236,591</u> | <u>2,404,367</u> |
| Fund balances end of year | <u>\$ 1,626,002</u> | <u>\$ 379,036</u> | <u>\$ (30,840)</u> | <u>\$ 1,974,198</u> |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 June 30, 2011

| | <u>Daycare</u> | <u>Public Pool</u> | <u>Total</u> |
|-------------------------------|-------------------|------------------------|-------------------|
| Assets | | | |
| Cash and investments | \$ 251,878 | \$ 30,464 | \$ 282,342 |
| Accounts receivable | 1,152 | 1,375 | 2,527 |
| Due from other governments | 1,374 | - | 1,374 |
| Total assets | <u>254,404</u> | <u>31,839</u> | <u>286,243</u> |
| Liabilities | | | |
| Accounts payable | 4,463 | 550 | 5,013 |
| Salaries and benefits payable | 23,147 | 6,300 | 29,447 |
| Total liabilities | <u>27,610</u> | <u>6,850</u> | <u>34,460</u> |
| Net Assets | | | |
| Unrestricted | <u>\$ 226,794</u> | <u>\$ 24,989</u> | <u>\$ 251,783</u> |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
 SCHEDULE OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS
 NONMAJOR ENTERPRISE FUNDS
 Year Ended June 30, 2011

| | <u>Daycare</u> | <u>Public Pool</u> | <u>Total</u> |
|------------------------------|-------------------|------------------------|-------------------|
| Operating revenues: | | | |
| Local sources: | | | |
| Charges for services | \$ 449,468 | \$ 28,720 | \$ 478,188 |
| Operating expenses: | | | |
| Support services: | | | |
| Transportation services | 115 | - | 115 |
| Non-instructional programs | 370,258 | 25,584 | 395,842 |
| | <u>370,373</u> | <u>25,584</u> | <u>395,957</u> |
| Operating income | 79,095 | 3,136 | 82,231 |
| Non-operating revenues: | | | |
| Interest on investments | 128 | 24 | 152 |
| Contributions | - | 1,002 | 1,002 |
| Federal sources | 20,030 | - | 20,030 |
| Total non-operating revenues | <u>20,158</u> | <u>1,026</u> | <u>21,184</u> |
| Change in net assets | 99,253 | 4,162 | 103,415 |
| Net assets beginning of year | <u>127,541</u> | <u>20,827</u> | <u>148,368</u> |
| Net assets end of year | <u>\$ 226,794</u> | <u>\$ 24,989</u> | <u>\$ 251,783</u> |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CASH FLOWS
NONMAJOR ENTERPRISE FUNDS
Year Ended June 30, 2011

| | Daycare | Public Pool | Total |
|---|-------------------|------------------|-------------------|
| Cash flows from operating activities: | | | |
| Cash received from miscellaneous operating activities | \$ 448,395 | \$ 29,650 | \$ 478,045 |
| Cash payments to employees for services | (318,190) | (23,250) | (341,440) |
| Cash payments to suppliers for goods or services | (56,091) | (1,274) | (57,365) |
| Net cash provided by operating activities | <u>74,114</u> | <u>5,126</u> | <u>79,240</u> |
| Cash flows from non-capital financing activities: | | | |
| Contributions received | - | 1,002 | 1,002 |
| Federal grants received | 19,107 | - | 19,107 |
| Net cash provided by non-capital financing activities | <u>19,107</u> | <u>1,002</u> | <u>20,109</u> |
| Cash flows from investing activities: | | | |
| Interest on investments | 128 | 24 | 152 |
| Net increase in cash and cash equivalents | 93,349 | 6,152 | 99,501 |
| Cash and cash equivalents beginning of year | 158,529 | 24,312 | 182,841 |
| Cash and cash equivalents end of year | <u>\$ 251,878</u> | <u>\$ 30,464</u> | <u>\$ 282,342</u> |
| Reconciliation of operating income to net cash provided by operating activities: | | | |
| Operating income | \$ 79,095 | \$ 3,136 | \$ 82,231 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | | |
| (Increase) decrease in accounts receivable | (1,073) | 930 | (143) |
| Increase in accounts payable | 1,556 | 550 | 2,106 |
| Increase (decrease) in salaries and benefits payable | (5,464) | 510 | (4,954) |
| Net cash provided by operating activities | <u>\$ 74,114</u> | <u>\$ 5,126</u> | <u>\$ 79,240</u> |

See accompanying independent auditor's report.

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CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

| Account | Balance Beginning of Year | Revenues | Expenditures/ Transfers Out | Balance End of Year |
|-------------------------------------|---------------------------------|----------|--------------------------------|---------------------------|
| Interest | \$ - | \$ 1,691 | \$ 1,691 | \$ - |
| MS Student Fundraiser | 4,826 | 2,172 | 5,777 | 1,221 |
| MS Bigger Faster Stronger | 215 | - | - | 215 |
| Class of 2010 | 5,944 | - | 2,425 | 3,519 |
| Class of 2011 | 7,480 | 540 | 4,585 | 3,435 |
| Class of 2012 | 1,011 | 18,454 | 12,837 | 6,628 |
| Class of 2013 | 1,011 | - | - | 1,011 |
| Amana Elementary Student Fundraiser | 617 | 692 | 1,309 | - |
| Amana Library Fundraiser | 11,032 | 5,705 | 16,737 | - |
| CC Elementary Library Fundraiser | 5,023 | 5,968 | 10,991 | - |
| MS Library Fundraiser | 7,291 | 4,043 | 11,334 | - |
| Elementary Student Account | 6,967 | 6,350 | 13,652 | (335) |
| CC Elementary Clipper Care Club | 1,619 | 1,200 | 2,819 | - |
| NBE Student Fundraiser | 1,389 | 4,008 | 5,397 | - |
| NBE Library Fundraiser | 696 | 2,812 | 3,508 | - |
| Drama | 7,629 | 1,645 | 4,520 | 4,754 |
| MS Drama | 616 | 321 | 208 | 729 |
| Art Club | 3,136 | 5,009 | 3,921 | 4,224 |
| MS Art Club | 78 | - | - | 78 |
| CC Elementary Art Club | 23 | - | 23 | - |
| Robotics Club | - | 750 | - | 750 |
| HS Musical | 1,412 | 6,424 | 2,023 | 5,813 |
| MS Show Choir | 270 | - | - | 270 |
| HS Jazz Band | - | 1,250 | 98 | 1,152 |
| HS Concessions | 2,229 | 15,415 | 11,729 | 5,915 |
| HS Student Fundraiser | 2,178 | 1,586 | 718 | 3,046 |
| Win With Wellness | 305 | - | - | 305 |
| Amana Fundraising | 2,105 | - | 1,972 | 133 |
| HS Athletics | 16,725 | 157,103 | 117,547 | 56,281 |
| MS Athletics | - | 7,673 | 9,861 | (2,188) |
| MS Athletic Fundraiser/Concessions | 347 | - | 321 | 26 |
| HS German Club | 19 | - | 19 | - |
| Publications | 15,082 | - | 15,082 | - |
| Annual | 16,074 | 20,470 | 6,633 | 29,911 |
| MS Cheerleading Club | 866 | - | - | 866 |
| Close Up | 1,395 | - | 1,395 | - |
| NHS | 109 | 1,079 | 302 | 886 |
| Safe | 99 | 100 | 121 | 78 |
| Student Assistance Team | 253 | 333 | 227 | 359 |
| Spanish Club | 594 | 19 | - | 613 |
| Student Council | 3,009 | 7,596 | 8,225 | 2,380 |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN SPECIAL REVENUE FUND, STUDENT ACTIVITY ACCOUNTS
Year Ended June 30, 2011

| Account | Balance Beginning of Year | Revenues | Expenditures/ Transfers Out | Balance End of Year |
|-------------------------------|---------------------------------|-------------------|--------------------------------|---------------------------|
| MS Student Council | \$ 25,445 | \$ 27,069 | \$ 30,702 | \$ 21,812 |
| CC Elementary Student Council | 308 | 142 | 450 | - |
| Weight Club | 2,325 | 4,379 | 5,577 | 1,127 |
| Pom Squad | 2,531 | 4,297 | 1,750 | 5,078 |
| | <u>\$ 160,283</u> | <u>\$ 316,295</u> | <u>\$ 316,486</u> | <u>\$ 160,092</u> |

See accompanying independent auditor's report.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF REVENUES BY SOURCE AND EXPENDITURES BY FUNCTION

ALL GOVERNMENTAL FUNDS
FOR THE LAST SEVEN YEARS

| | Modified Accrual Basis Years Ended June 30, | | | |
|--|--|----------------------|----------------------|----------------------|
| | 2011 | 2010 | 2009 | 2008 |
| Revenues: | | | | |
| Local sources: | | | | |
| Local tax | \$ 11,183,865 | \$ 10,763,604 | \$ 9,920,491 | \$ 9,877,435 |
| Tuition | 1,539,521 | 1,357,176 | 1,130,035 | 894,697 |
| Other | 706,475 | 797,538 | 1,368,218 | 1,649,981 |
| State sources | 6,932,174 | 5,506,741 | 6,502,677 | 6,481,142 |
| Federal sources | 774,172 | 1,077,779 | 549,496 | 625,576 |
| Total revenues | <u>\$ 21,136,207</u> | <u>\$ 19,502,838</u> | <u>\$ 19,470,917</u> | <u>\$ 19,528,831</u> |
| Expenditures: | | | | |
| Instruction | \$ 9,562,898 | \$ 9,080,537 | \$ 9,312,449 | \$ 8,442,875 |
| Support services: | | | | |
| Student services | 307,927 | 379,260 | 315,732 | 253,504 |
| Instructional staff services | 684,850 | 628,140 | 826,405 | 523,684 |
| Administration services | 1,970,156 | 1,767,268 | 1,544,313 | 1,483,939 |
| Operation and maintenance of plant services | 1,482,470 | 1,563,413 | 1,379,802 | 1,196,637 |
| Transportation services | 752,961 | 755,626 | 850,761 | 836,655 |
| Non-instructional programs | - | - | 9,508 | 110,589 |
| Other expenditures: | | | | |
| Facilities acquisition | 1,260,829 | 10,520,006 | 14,300,272 | 16,440,617 |
| Long-term debt: | | | | |
| Principal | 1,945,384 | 1,215,529 | 997,504 | 1,285,883 |
| Interest and fiscal charges | 1,713,750 | 1,502,835 | 1,345,110 | 1,225,102 |
| AEA flowthrough | 597,803 | 564,144 | 496,524 | 467,919 |
| Total expenditures | <u>\$ 20,279,028</u> | <u>\$ 27,976,758</u> | <u>\$ 31,378,380</u> | <u>\$ 32,267,404</u> |

See accompanying independent auditor's report.

| <u>2007</u> | <u>2006</u> | <u>2005</u> |
|----------------------|----------------------|----------------------|
| \$ 7,005,106 | \$ 5,563,759 | \$ 4,668,747 |
| 843,785 | 864,055 | 831,045 |
| 1,657,083 | 622,669 | 490,905 |
| 5,726,397 | 5,486,156 | 5,262,267 |
| 524,561 | 315,725 | 299,347 |
| <u>\$ 15,756,932</u> | <u>\$ 12,852,364</u> | <u>\$ 11,552,311</u> |
| | | |
| \$ 7,867,766 | \$ 7,349,809 | \$ 7,386,489 |
| 238,943 | 221,792 | 212,790 |
| 606,214 | 494,515 | 471,945 |
| 1,545,928 | 1,269,213 | 935,683 |
| 1,271,048 | 1,143,662 | 1,099,448 |
| 745,477 | 669,869 | 665,794 |
| - | 31,086 | 21,792 |
| 2,365,508 | 466,890 | 223,868 |
| 549,171 | 470,000 | 450,000 |
| 816,347 | 146,439 | 164,629 |
| 433,596 | 388,998 | 370,505 |
| <u>\$ 16,439,998</u> | <u>\$ 12,652,273</u> | <u>\$ 12,002,943</u> |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

| Grantor / Program | CFDA Number | Grant Number | Expenditures |
|--|----------------|-----------------|------------------|
| Direct: | | | |
| U. S. Department of Education: | | | |
| Impact Aid | 84.041 | FY 11 | \$ <u>71,112</u> |
| Indirect: | | | |
| U. S. Department of Agriculture: | | | |
| Iowa Department of Education: | | | |
| Child Nutrition Cluster Programs: | | | |
| School Breakfast Program | 10.553 | FY 11 | 27,949 |
| National School Lunch Program | 10.555 | FY 11 | 190,406 |
| National School Lunch Program (non-cash) | 10.555 | FY 11 | <u>44,249</u> |
| | | | <u>262,604</u> |
| Child and Adult Care Food Program | 10.558 | FY 11 | <u>8,131</u> |
| U. S. Department of Education: | | | |
| Iowa Department of Education: | | | |
| Title I, Part A Cluster Programs: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 1221G FY 11 | 33,839 |
| Title I Grants to Local Educational Agencies | 84.010 | 1221GC FY 11 | 20,485 |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | FY 10 | <u>31,581</u> |
| | | | <u>85,905</u> |
| Improving Teacher Quality State Grants | 84.367 | FY 11 | <u>35,035</u> |
| Grants for State Assessments and Related Activities | 84.369 | FY 11 | <u>491</u> |
| State Fiscal Stabilization Fund Cluster Programs: | | | |
| ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act | 84.394 | FY 11 | 76,773 |
| ARRA - State Fiscal Stabilization Fund - Government Services, Recovery Act | 84.397 | FY 11 | <u>68,478</u> |
| | | | <u>145,251</u> |
| Education Jobs Fund | 84.410 | FY 11 | <u>123,892</u> |
| Grant Wood Area Education Agency: | | | |
| Special Education Cluster Programs: | | | |
| Special Education - Grants to States | 84.027 | FY 11 | 73,463 |
| ARRA - Special Education - Grants to States, Recovery Act | 84.391 | FY 10 | <u>78,448</u> |
| | | | <u>151,911</u> |

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended June 30, 2011

| Grantor / Program | CFDA Number | Grant Number | Expenditures |
|---|----------------|-----------------|--------------------------|
| Indirect (continued): | | | |
| U. S. Department of Education (continued): | | | |
| Grant Wood Area Education Agency (continued): | | | |
| Career and Technical Education - Basic Grants to States | 84.048 | FY 11 | \$ <u>8,393</u> |
| University of Iowa: | | | |
| Education Research, Development and Dissemination | 84.305 | FY 10 | 3,000 |
| Education Research, Development and Dissemination | 84.305 | FY 11 | <u>667</u> |
| | | | <u>3,667</u> |
| U. S. Department of Health and Human Services: | | | |
| Iowa County Empowerment Board: | | | |
| Temporary Assistance for Needy Families | 93.558 | FY 11 | 4,923 |
| Johnson County Empowerment Board: | | | |
| Temporary Assistance for Needy Families | 93.558 | FY 11 | <u>6,976</u> |
| | | | <u>11,899</u> |
| University of Iowa: | | | |
| Cooperative Agreements to Support Comprehensive School Health Programs to Prevent the Spread of HIV and Other Important Health Problems | 93.938 | FY 10 | <u>5,355</u> |
| Total | | | \$ <u><u>913,646</u></u> |

Basis of Presentation –

The Schedule of Expenditures of Federal Awards includes the federal grant activity of Clear Creek Amana Community School District and is presented on the accrual or modified accrual basis of accounting. The information on this schedule is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

See accompanying independent auditor's report.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

To the Board of Education of
Clear Creek Amana Community School District:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Clear Creek Amana Community School District as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements listed in the table of contents, and have issued our report thereon dated February 13, 2012. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clear Creek Amana Community School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the District's financial statements will not be prevented or detected and corrected on a timely basis. During our audit, we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Clear Creek Amana Community School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance or other matters that are described in Part IV of the accompanying Schedule of Findings and Questioned Costs.

Comments involving statutory and other legal matters about Clear Creek Amana Community School District's operations for the year ended June 30, 2011 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the District. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

Clear Creek Amana Community School District's responses to findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. While we have expressed our conclusions on the District's responses, we did not audit Clear Creek Amana Community School District's responses and, accordingly, we express no opinion on them.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of Clear Creek Amana Community School District during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Oskaloosa, Iowa
February 13, 2012

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Education of
Clear Creek Amana Community School District:

Compliance

We have audited Clear Creek Amana Community School District's compliance with the types of compliance requirements described in U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. Clear Creek Amana Community School District's major federal programs are identified in Part I of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grant agreements applicable to each of its major federal programs is the responsibility of Clear Creek Amana Community School District's management. Our responsibility is to express an opinion on Clear Creek Amana Community School District's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clear Creek Amana Community School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Clear Creek Amana Community School District's compliance with those requirements.

In our opinion, Clear Creek Amana Community School District complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of Clear Creek Amana Community School District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grant agreements applicable to federal programs. In planning and performing our audit, we considered Clear Creek Amana Community School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Clear Creek Amana Community School District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance all deficiencies, significant deficiencies or material weaknesses have been identified.

A deficiency in the District's internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected on a timely basis. During our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses.

This report, a public record by law, is intended solely for the information and use of the officials, employees and citizens of Clear Creek Amana Community School District and other parties to whom Clear Creek Amana Community School District may report, including federal awarding agencies and pass-through entities. This report is not intended to be and should not be used by anyone other than these specified parties.

Oskaloosa, Iowa
February 13, 2012

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part I: Summary of the Independent Auditor's Results:

- (a) Unqualified opinions were issued on the financial statements.
- (b) No material weaknesses in internal control over financial reporting were disclosed by the audit of the financial statements.
- (c) The audit did not disclose any non-compliance which is material to the financial statements.
- (d) No material weaknesses in internal control over major programs were disclosed by the audit of the financial statements.
- (e) An unqualified opinion was issued on compliance with requirements applicable to each major program.
- (f) The audit disclosed no audit findings which were required to be reported in accordance with Office of Management and Budget Circular A-133, Section .510(a).
- (g) Major programs were as follows:
 - Clustered programs:
 - CFDA Number 84.010 – Title I Grants to Local Educational Agencies
 - CFDA Number 84.389 – ARRA – Title I Grants to Local Educational Agencies, Recovery Act
 - Clustered programs:
 - CFDA Number 84.027 – Special Education – Grants to States
 - CFDA Number 84.391 – ARRA – Special Education – Grants to States, Recovery Act
 - Clustered programs:
 - CFDA Number 84.394 – ARRA – State Fiscal Stabilization Fund – Education State Grants, Recovery Act
 - CFDA Number 84.397 – ARRA – State Fiscal Stabilization Fund – Government Services, Recovery Act
 - CFDA Number 84.410 – Education Jobs Fund
- (h) The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.
- (i) Clear Creek Amana Community School District did not qualify as a low-risk auditee.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part II: Findings Related to the Basic Financial Statements:

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part III: Findings and Questioned Costs for Federal Awards

Instances of Non-Compliance:

No matters were reported.

Internal Control Deficiencies:

No matters were reported.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting:

- IV-A-11 Certified Budget – Expenditures for the year ended June 30, 2011, did not exceed the amounts budgeted.
- IV-B-11 Questionable Expenditures – No expenditures that we believe may not meet the requirements of public purpose as defined in an Attorney General’s opinion dated April 25, 1979 were noted.
- IV-C-11 Travel Expense – No expenditures of District money for travel expenses of spouses of District officials or employees were noted. No travel advances to District officials or employees were noted.
- IV-D-11 Business Transactions – Business transactions between the District and District officials or employees are detailed as follows:

| Name, Title and Business Connection | Transaction Description | Amount |
|--|------------------------------|---------|
| Elizabeth Momany, Board Member Spouse is owner of Amana Family Practice Clinic | Health services and supplies | \$2,280 |
| Aimee Pitlick, Board Member Owner of Busy Bees Childcare | Preschool furniture | \$1,155 |
| Don Schneider, Bus Driver Owner of Golden Touch Power Cleaning | Bus washes | \$5,092 |

In accordance with an Attorney General’s opinion dated November 9, 1976, the transactions with the bus driver do not appear to represent a conflict of interest.

In accordance with Chapter 279.7A of the Code of Iowa, the transactions with the Board Members do not appear to represent a conflict of interest since the cumulative amount was less than \$2,500 for the fiscal year for each individual.

- IV-E-11 Bond Coverage – Surety bond coverage of District officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that the coverage is adequate for current operations.
- IV-F-11 Board Minutes – No transactions requiring Board approval which had not been approved by the Board were noted.
- IV-G-11 Certified Enrollment – No variances in the basic enrollment data certified to the Department of Education were noted.
- IV-H-11 Supplementary Weighting – No variances regarding the supplementary weighting certified to the Iowa Department of Education were noted.
- IV-I-11 Deposits and Investments – No instances of non-compliance with the deposit and investment provisions of Chapter 12B and Chapter 12C of the Code of Iowa and the District’s investment policy were noted.

CLEAR CREEK AMANA COMMUNITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2011

Part IV: Other Findings Related to Statutory Reporting (continued):

- IV-J-11 Certified Annual Report – The Certified Annual Report was certified to the Iowa Department of Education timely and we noted no significant deficiencies in the amounts reported.
- IV-K-11 Categorical Funding – No instances were noted of categorical funding being used to supplant rather than supplement other funds.
- IV-L-11 Statewide Sales and Services Tax – No instances of non-compliance with the use of the statewide sales, services and use tax revenue provisions of Chapter 423F.3 of the Code of Iowa were noted.

Pursuant to Chapter 423F.5 of the Code of Iowa, the annual audit is required to include certain reporting elements related to the statewide sales, services and use tax revenue. Districts are required to include these reporting elements in the Certified Annual Report (CAR) submitted to the Iowa Department of Education. For the year ended June 30, 2011, the District reported the following information regarding the statewide sales, services and use tax revenue in the District's CAR:

| | | | |
|---|----|------------------|-------------------------|
| Beginning balance | | \$ | 1,790,409 |
| Revenues: | | | |
| Sales tax revenues | \$ | 1,606,396 | |
| Other local revenues | | <u>48,061</u> | 1,654,457 |
| Expenditures/transfers out: | | | |
| School infrastructure construction services | | 424,200 | |
| Equipment | | 104,929 | |
| Transfers to other funds: | | | |
| Debt Service Fund | | <u>1,289,735</u> | <u>1,818,864</u> |
| Ending balance | | \$ | <u><u>1,626,002</u></u> |

For the year ended June 30, 2011, the District did not reduce any levies as a result of the moneys received under Chapter 423E or 423F of the Code of Iowa.

- IV-M-11 Energy Rebate Receipt – We noted an energy rebate receipt from the school building construction that was recorded in the General Fund but should have been recorded in the Capital Projects Fund since the related expenditures were from that fund.

Recommendation – The District should transfer \$33,836 from the General Fund to the Capital Projects Fund for this receipt.

Response – We will make the recommended corrective transfer for this receipt.

Conclusion – Response accepted.